

**BEFORE THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

REBUTTAL TESTIMONY

OF

ROBERT B. HEVERT

ON BEHALF OF

SOUTH CAROLINA ELECTRIC & GAS COMPANY

DOCKET NO. 2012-218-E

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1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME, AFFILIATION, AND BUSINESS ADDRESS.**

3 A. My name is Robert B. Hevert. I am Managing Partner of Sussex Economic Advisors,
4 LLC ("Sussex"). My business address is 161 Worcester Road, Suite 503, Framingham,
5 Massachusetts 01701.

6 **Q. ARE YOU THE SAME ROBERT B. HEVERT WHO SUBMITTED DIRECT**
7 **TESTIMONY IN THIS PROCEEDING?**

8 A. Yes, I filed Direct Testimony on behalf of South Carolina Electric & Gas Company,
9 referred to throughout my testimony as "SCE&G," or the "Company."

10 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

11 A. The purpose of my Rebuttal Testimony is to respond to the Direct Testimonies of Mr.
12 Kevin W. O'Donnell on behalf of the South Carolina Energy Users Committee
13 ("SCEUC"), and Mr. Steve W. Chriss on behalf of Wal-Mart Stores East, LP and Sam's
14 East Inc. ("Walmart") as their testimony relate to the Company's Return on Equity and
15 capital structure.

16 **Q. HAVE YOU PREPARED ANY REBUTTAL EXHIBITS?**

17 A. Yes. Rebuttal Exhibit No.____(RBH-1) through Rebuttal Exhibit No.____(RBH-15) have
18 been prepared by me or under my direct supervision.

II. EXECUTIVE SUMMARY

Q. PLEASE PROVIDE A SUMMARY OF YOUR REBUTTAL TESTIMONY.

A. In my Direct Testimony, I recommended an ROE of 11.25 percent, based on a range of ROE estimates of 10.75 percent to 11.50 percent.¹ My updated analyses continue to support that 11.25 percent recommendation, and I continue to believe that the Company's proposed ROE of 10.95 percent is within a reasonable range of estimates of its Cost of Equity. As my Direct Testimony discussed, that recommendation, and the analytical results on which it was based, considered a variety of factors including prevailing capital market conditions and the specific risks faced by SCE&G. Because the application of financial models and interpretation of their results often is the subject of differences among analysts in regulatory proceedings, I believe that it is important to review and consider a variety of data points; doing so enables us to put in context both quantitative analyses and the associated recommendations.

In this proceeding, we have two relatively recent and highly relevant benchmarks: the 10.50 percent ROE authorized for Duke Energy Carolinas by the Commission in January 2012, and the Company's currently authorized ROE of 10.70 percent. Messrs. O'Donnell and Chriss recommend returns that are substantially and unreasonably below the Commission's recent decision and the Company's currently authorized return. At issue is whether there is any reasonable basis to conclude that the return required by equity investors has fallen by 100 basis points (or more) since the Commission

¹ See Direct Testimony of Robert B. Hevert, at 7.

1 authorized the Duke Energy Carolinas ROE of 10.50 percent in January, 2012.² As
2 discussed throughout my Rebuttal Testimony, that position is not supported by the
3 returns available to comparable electric utilities, or by the analytical results of the various
4 models used to estimate the Cost of Equity.

5 While it is true that interest rates, in particular, long-term Treasury yields, have
6 fallen over the past several months, utility commissions and investors alike have
7 recognized that there are factors beyond interest rates that must be considered in
8 determining the Cost of Equity. The fact that authorized returns have remained relatively
9 stable as interest rates have fallen, for example, is not surprising when we consider the
10 circumstances underlying the unprecedented decline in Treasury yields. The fear of
11 taking the risks of equity ownership, for example, has motivated many investors to move
12 their capital into the relative safety of Treasury securities. In doing so, investors have bid
13 down yields to the point that they currently are receiving yields on ten-year Treasury
14 bonds that are below the rate of inflation.³ In effect, those investors are willing to accept
15 a *negative* real return on Treasury bonds rather than be subject to the risk of owning
16 equity securities.

17 At the same time, the Federal Reserve's policy of buying longer-dated Treasury
18 securities and selling short-term securities also may have had the effect of lowering long-

² As discussed later in my Rebuttal Testimony, Mr. O'Donnell's 9.50 percent recommendation reflects a 25 basis point adjustment over the 9.25 percent high end of his DCF range; that adjustment is meant to reflect, in part, the high level of debt leverage included in his capital structure recommendation. See Direct Testimony of Kevin W. O'Donnell, at 26.

³ See, for example, *Treasurys Slide After Lackluster Sale*, The Wall Street Journal, August 8, 2012.

1 term Treasury yields. That, of course, is the objective of the Federal Reserve's "maturity
2 extension program" which began in June 2011.⁴ As the Federal Reserve noted:

3 Under the maturity extension program, the Federal Reserve intends to
4 sell or redeem a total of \$667 billion of shorter-term Treasury
5 securities by the end of 2012 and use the proceeds to buy longer-term
6 Treasury securities. This will extend the average maturity of the
7 securities in the Federal Reserve's portfolio.

8 By reducing the supply of longer-term Treasury securities in the
9 market, this action should put downward pressure on longer-term
10 interest rates, including rates on financial assets that investors
11 consider to be close substitutes for longer-term Treasury securities.
12 The reduction in longer-term interest rates, in turn, will contribute to
13 a broad easing in financial market conditions that will provide
14 additional stimulus to support the economic recovery.⁵

15 Consequently, two factors are at work: (1) the continued focus by investors on
16 capital preservation has caused them to reallocate capital to the relative safety of
17 Treasury securities, thereby bidding up the price and bidding down the yield; and (2) the
18 Federal Reserve's continued policy of buying long-term Treasury securities in order to
19 lower the yield. As the Federal Reserve noted in its June 2012 Open Market Committee
20 meeting minutes, the effect of those two factors has been a continued decline in Treasury
21 yields:

22 Yields on longer-dated nominal and inflation-protected Treasury
23 securities moved down substantially, on net, over the intermeeting
24 period. The yield on nominal 10-year Treasury securities reached a
25 historically low level immediately following the release of the May
26 employment report. A sizable portion of the decline in longer-term
27 Treasury rates over the period appeared to reflect greater safe-haven
28 demands by investors, along with some increase in market
29 participants' expectations of further Federal Reserve balance sheet

⁴ On September 13, 2012 the Federal Reserve announced that, in addition to continuing the maturity extension program announced in June, they would also begin buying mortgage-backed securities at a pace of \$40 billion per month. *See* Federal Reserve Press Release, dated September 13, 2012.

⁵ <http://www.federalreserve.gov/monetarypolicy/maturityextensionprogram.htm>

1 actions.⁶

2 A principal analytical issue, then, is whether those two factors – the continuing
3 tendency of investors to seek the relative safety of long-term Treasury securities and the
4 Federal Reserve’s policy of lowering long-term Treasury yields – have caused the
5 required Return on Equity to fall in a fashion similar to the recent decline in interest rates,
6 as Mr. O’Donnell and Mr. Chriss appear to suggest. In large measure, that issue becomes
7 a question of whether the premium required by debt and equity investors has remained
8 constant as Treasury yields have decreased. To the extent the risk premium has
9 increased, the higher premium would offset, at least to some degree, the decline in
10 Treasury yields, indicating that the Cost of Equity has not fallen in lock step with the
11 decline in interest rates. Moreover, it is important to bear in mind that estimating the
12 Cost of Equity is a forward-looking exercise. Given that utility infrastructure
13 investments are long-term assets with useful lives in excess of 30 years, and knowing that
14 equity investments represent cash flows in perpetuity, it would be inappropriate to give
15 undue weight to near-term events affecting long-term Treasury yields in estimating the
16 Return on Equity for SCE&G.

17 As noted in my Direct Testimony,⁷ all financial models are subject to limiting
18 assumptions and as such, it is important to consider the results of a variety of approaches
19 when estimating the Cost of Equity. Doing so is especially important when market
20 conditions are such that financial models produce results that are widely divergent, and
21 highly sensitive to inputs and assumptions. Although it is important to understand and

⁶ Minutes of the Federal Open Market Committee June 19–20, 2012, at 4.

⁷ See Direct Testimony of Robert B. Hevert, at 19.

1 vet the assumptions and inputs used to arrive at ROE estimates, the basic question of
2 whether or not ROE recommendations are reasonable also may be considered from a
3 more fundamental perspective: What has changed so significantly since January 2012
4 that equity investors now require a substantially lower rate of return? That is, what was
5 so significant that returns would have fallen from the 10.50 percent ROE last authorized
6 by the Commission for Duke Energy Carolinas earlier this year to the 9.50 percent
7 recommendation now presented by Mr. O'Donnell?

8 While Mr. O'Donnell provides no explanation (nor, for that matter, does Mr.
9 Chriss), throughout my Direct and Rebuttal Testimonies I discuss how neither market
10 conditions in general, nor the Company's situation in particular supports the proposition
11 that the required Return on Equity has fallen by such a dramatic degree over such a short
12 period of time. As discussed in my Direct Testimony, for example, certain measures of
13 investor risk aversion and return expectations, such as utility credit spreads and the
14 expected return on the overall market, have remained constant, or even increased over
15 that period. The fact that market indices are somewhat disjointed suggests a continuing
16 degree of instability that could argue for higher equity cost rates and there is no
17 reasonable support for the notion that the Cost of Equity has fallen by 100 basis points
18 since January 2012.

19 Lastly, it is important to recognize that recommendations of 10.00 percent and
20 lower represent significant and unreasonable reductions to SCE&G's currently authorized
21 ROE of 10.70 percent. Such recommendations are not comparable to prevailing returns
22 available to equity investors in utilities with commensurate risk, and would cause
23 investors to question the stability and predictability of the regulatory environment in

1 South Carolina. Because the constructiveness of a regulatory jurisdiction is an important
2 factor considered by both debt and equity investors, it can directly affect a utility's access
3 to capital at consistent and reasonable rates. In addition, because utilities must invest in
4 infrastructure with long useful lives, the stability, predictability and adequacy of earnings
5 and cash flows are extremely important factors in managing business operations and
6 arriving at investment decisions.

7 **Q. HOW IS THE REMAINDER OF YOUR REBUTTAL TESTIMONY**
8 **ORGANIZED?**

9 A. The remainder of my Rebuttal Testimony is organized as follows: In Section III, I
10 provide an overview of my Rebuttal Testimony, including a summary of my updated
11 analyses; Section IV contains my response to Mr. O'Donnell's testimony as it relates to
12 the Company's cost of equity; Section V contains my response to Mr. O'Donnell's
13 testimony as it relates to the Company's capital structure; Section VI contains my
14 response to Mr. Chriss; and Section VII summarizes my conclusions and
15 recommendations.

16 **III. OVERVIEW**

17 **Q. PLEASE PROVIDE A BRIEF OVERVIEW OF YOUR REBUTTAL**
18 **TESTIMONY.**

19 A. After reviewing the testimony provided by the Opposing ROE Witnesses, updating the
20 analyses contained in my Direct Testimony, and considering other relevant data,
21 including current and expected capital market conditions, my general observations and
22 conclusions are as follows:

- 1 • My recommended range is fully supported by the analyses contained in my Direct
2 Testimony, as updated to include data through October 31, 2012, and expanded to
3 address certain issues raised by the Opposing ROE Witnesses. My updated
4 analyses continue to support my 11.25 percent recommendation, and I continue to
5 believe that the Company's proposed ROE of 10.95 percent is within a reasonable
6 range of Cost of Equity estimates.

- 7 • While there are certain methodological issues on which Mr. O'Donnell and I
8 agree, there remain a significant number of areas in which we disagree. Of those
9 areas of disagreement, the appropriate estimate of growth in the Constant Growth
10 DCF model is a principal difference.

- 11 • Messrs. O'Donnell and Chriss fail to properly consider the effect of their ROE
12 recommendations on the Company's financial integrity and its ability to attract
13 capital under a variety of financial and economic conditions. SCE&G must
14 compete for capital with other electric utilities. In order to do so, the authorized
15 ROE must allow the Company to offer investors the opportunity to earn returns
16 that are comparable with those available for other electric utilities with
17 commensurate risk. Return recommendations that are well below not only returns
18 currently authorized in other jurisdictions, but also below the Company's
19 currently authorized return, are incompatible with that standard.⁸

⁸ This issue is specifically addressed in my response to Mr. Chriss.

1 **Q. PLEASE SUMMARIZE THE OPPOSING ROE WITNESSES' SPECIFIC**
2 **RECOMMENDATIONS.**

3 A. Mr. O'Donnell has recommended an equity return of 9.50 percent,⁹ and Mr. Chriss has
4 recommended an equity return of 10.00 percent.¹⁰ Mr. Chriss, however, has not
5 presented any independent market-based analyses of the Company's Cost of Equity.

6 **Q. WHAT ARE THE PRINCIPAL DIFFERENCES BETWEEN YOUR**
7 **ANALYTICAL APPROACH AND THOSE USED BY MR. O'DONNELL?**

8 A. Our respective analyses differ in several ways, but the key differences lie in: (1) the
9 specification and inputs (in particular, the growth rate assumptions) used in our
10 respective Discounted Cash Flow ("DCF") analyses; (2) the criteria upon which we
11 selected our proxy companies; (3) the application of a Capital Asset Pricing Model
12 ("CAPM"); and (4) the appropriate capital structure for the Company.

13 **Q. PLEASE NOW SUMMARIZE THE ANALYTICAL UPDATES CONTAINED IN**
14 **YOUR REBUTTAL TESTIMONY.**

15 A. I updated the Constant Growth DCF, CAPM, and Bond Yield Plus Risk Premium
16 analyses included in my Direct Testimony reflecting data through October 31, 2012.
17 Rebuttal Exhibit No.__(RBH-1) through Rebuttal Exhibit No.__(RBH-5) contain my
18 updated analytical results. The mean DCF results for my proxy group are 10.53 percent,
19 10.57 percent, and 10.72 percent for the 30-, 90-, and 180-trading day periods,
20 respectively. The mean high DCF results for the 30-, 90-, and 180-day averaging periods

⁹ See Direct Testimony of Kevin W. O'Donnell, at 2.

¹⁰ See Direct Testimony and Exhibits of Steve W. Chriss, at 7.

1 are 13.11 percent, 13.16 percent, and 13.31 percent, respectively.¹¹ Applying the 12-
2 month Beta coefficient estimate suggests a range of returns from 7.68 percent to 12.03
3 percent with a mean result of 9.82 percent. Relying on the Bloomberg estimates of the
4 Beta coefficient, the results of my CAPM analysis suggest a range of returns from 7.84
5 percent to 12.26 percent with a mean result of 10.03 percent. Finally, applying the Value
6 Line estimates of the Beta coefficient, the results of my CAPM analysis produces a range
7 of results from 8.14 percent to 12.68 percent with a mean result of 10.40 percent.¹² The
8 implied ROE based on my updated Bond Yield Plus Risk Premium analysis is between
9 10.25 percent and 10.87 percent.¹³

10 My analyses and recommendations also take into consideration the instability in
11 the capital markets and the need for utilities such as SCE&G to maintain a level of
12 financial integrity that enables access to capital, at reasonable costs, under a variety of
13 economic and financial market conditions. In that regard, I also have analyzed
14 observable measures of investors' risk aversion and market instability, including
15 comparatively high levels of expected market volatility, the yield inversion between long-
16 term Treasury bonds and the proxy company dividend yields, and elevated credit spreads,
17 as noted in my Direct Testimony. All of those measures are directly relevant to the
18 estimation of the Company's Cost of Equity.

11 See Rebuttal Exhibit No.__(RBH-1)

12 See Rebuttal Exhibit No.__(RBH-4)

13 See Rebuttal Exhibit No.__(RBH-5)

1 **IV. RESPONSE TO THE DIRECT TESTIMONY OF MR. O'DONNELL AS IT**
2 **RELATES TO THE COMPANY'S COST OF EQUITY**

3 **Q. PLEASE PROVIDE A BRIEF SUMMARY OF MR. O'DONNELL'S DIRECT**
4 **TESTIMONY AND RECOMMENDATION.**

5 A. Mr. O'Donnell recommends an ROE of 9.50 percent, based on his application of the DCF
6 and "comparable earnings" approaches. In performing his analyses, Mr. O'Donnell
7 reviews data for a proxy group of 18 companies, as well as SCANA Corp., the parent of
8 SCE&G. In applying his DCF analysis, Mr. O'Donnell reviews a variety of historical
9 and prospective growth rates for each of his proxy companies, although his eventual DCF
10 results, which range from 8.75 percent to 9.25 percent, are based on his conclusion that a
11 "proper" range of growth rates is from 4.50 percent to 5.00 percent.¹⁴

12 **Q. AS A GENERAL MATTER, DO YOU BELIEVE MR. O'DONNELL'S**
13 **RECOMMENDATION OF A 9.50 PERCENT ROE IS FAIR AND REASONABLE**
14 **FOR THE COMPANY, AND IS ADEQUATE TO SUPPORT CREDIT QUALITY**
15 **AND ACCESS TO CAPITAL?**

16 A. No, I do not. As discussed in Section V, an important consequence of the authorized
17 return is the ability to generate the cash flow (sometimes referred to as "Funds Flow from
18 Operations," or "FFO") needed to fund required debt service and capital investments, as
19 well as dividends. While Mr. O'Donnell is correct that there generally are three forms of
20 external capital (*i.e.*, common equity, preferred stock, and long-term debt),¹⁵ he fails to
21 consider the importance of internally generated funds as a source of financing

¹⁴ See Direct Testimony of Kevin W. O'Donnell, at 22, 23.

¹⁵ *Ibid.*, at 27.

1 capital expenditures, as the primary financial measure of credit quality, and as the
2 source of dividend payments. From the perspective of fixed income investors, FFO is
3 one of the most important metrics used to assess credit quality; companies with higher
4 levels of funds flow as a ratio of interest or debt tend to have higher credit
5 ratings.¹⁶ Similarly, equity investors are keenly focused on a company's ability to fund
6 capital investments and dividends through cash from operations. Given that the
7 authorized ROE and capital structure are key determinants of funds flow, and knowing
8 that the financial community is concerned with risks associated with the regulatory
9 environment, Mr. O'Donnell's recommended ROE and capital structure present
10 significant risks and concerns for both debt and equity investors. As such, I do not
11 believe Mr. O'Donnell's recommended ROE is consistent with the comparability and
12 capital attraction standards established in *Hope* and *Bluefield*.¹⁷

13 **Q. WHAT ARE KEY AREAS OF DISAGREEMENT BETWEEN YOU AND MR.**
14 **O'DONNELL?**

15 A. There are several areas in which I disagree with Mr. O'Donnell's approach. In general,
16 those areas include: (1) proxy group selection criteria and comparison companies; (2) the
17 growth rate estimates used in the DCF models; (3) the use of the CAPM model to
18 estimate the cost of equity, and (4) the effect of current capital market conditions on the
19 Company's Cost of Equity. Lastly, while Mr. O'Donnell did not comment on my

¹⁶ See, for example, Moody's Investors Service, *Rating Methodology: Regulated Electric and Gas Utilities*, August 2009.

¹⁷ See Direct Testimony of Robert B. Hevert, at 7-9. Please note that my conclusion is not meant to represent a legal opinion.

1 flotation cost adjustment, he unreasonably failed to include such an adjustment in his
2 ROE recommendation.

3 *Proxy Group Selection Criteria and Comparison Companies*

4 **Q. PLEASE SUMMARIZE THE SCREENING CRITERIA BY WHICH MR.**
5 **O'DONNELL DEVELOPED HIS PROXY GROUP.**

6 A. Mr. O'Donnell began with the companies listed in Value Line's Electric Utility
7 Industry group and arrived at his proxy group by including only companies that met the
8 following three screening criteria:

- 9 1. S&P Quality Ranking of B+ or A-;
- 10 2. Pays dividends, or has not recently reinstated dividends; and
- 11 3. Has not recently been subject to merger activity.¹⁸

12 Based on those criteria, Mr. O'Donnell arrived at the group of 18 companies contained in
13 his Exhibits KWO-1, 2, and 3.¹⁹

14 **Q. ARE THE SCOPE AND DEFINITION OF THE SCREENS APPLIED BY MR.**
15 **O'DONNELL GENERALLY CONSISTENT WITH THOSE APPLIED IN YOUR**
16 **DIRECT TESTIMONY?**

17 A. While certain of the screening criteria are common to our analyses, there are significant
18 differences between our approaches. In my view, Mr. O'Donnell's screening criteria are
19 far too general and result in a proxy group that, taken as a whole, is not sufficiently
20 comparable to SCE&G to arrive at a reasoned ROE recommendation.

¹⁸ See Direct Testimony of Kevin W. O'Donnell, at 17.

¹⁹ See Direct Testimony of Kevin W. O'Donnell, Exhibits KWO-1, 2, and 3.

1 **Q. IS THERE EVIDENCE THAT THE INVESTMENT COMMUNITY VIEWS**
2 **UTILITIES AS A GROUP OF COMPANIES WITH VARIED OPERATING**
3 **CHARACTERISTICS, AND THAT SUCH PERCEIVED DIFFERENCES**
4 **AFFECT INVESTORS' ASSESSMENTS OF RELATIVE RISKS?**

5 A. Yes, there is. Moody's, for example, noted that "[r]egulated electric and gas companies
6 are a diverse universe in terms of business model (ranging from vertically integrated to
7 unbundled generation, transmission and/or distribution entities)."²⁰ As discussed below
8 (as well as in my response to Mr. Chriss), differences in operating risks may result in
9 ROE estimates that are not representative of the Company's risks. I do not believe that
10 Mr. O'Donnell has properly accounted for such diversity of risk in his screening process
11 and as such, his analytical results and recommendation are unnecessarily and
12 unreasonably low.

13 **Q. DO YOU HAVE ANY COMMENTS REGARDING MR. O'DONNELL'S USE OF**
14 **THE S&P QUALITY RANKINGS AS A SCREENING CRITERION?**

15 A. While I do not disagree with the use of independent credit agency ratings as a screening
16 criterion, I disagree with Mr. O'Donnell's use of S&P's quality rankings in lieu of credit
17 ratings. As a practical matter, changes in credit ratings are newsworthy events, and can,
18 at a minimum, increase a company's borrowing costs and access to capital, and in some
19 cases have more far-reaching effects such as triggering redemptions, collateral
20 requirements, and other contractual clauses. For instance, SCANA, when disclosing risk
21 factors in its 2011 SEC Form 10-K, stated, "[i]f S&P, Moody's or Fitch were to
22 downgrade any of [SCANA's or its subsidiaries'] long-term ratings, particularly to

²⁰ Moody's Investors Service, *Rating Methodology: Regulated Electric and Gas Utilities*, August 2009.

1 below investment grade, borrowing costs would increase, which would diminish financial
2 results, and the potential pool of investors and funding sources could decrease.”²¹ In
3 reference to the effect of a credit downgrade on its derivative contracts (used by SCE&G
4 to hedge natural gas purchases and sales), SCANA stated, “[c]ertain of the Company’s
5 derivative instruments contain contingent provisions that require the Company to provide
6 collateral upon the occurrence of specific events, primarily credit downgrades.”²² Lastly,
7 in disclosing the September 2011 downgrade of SCANA (and, as noted by Mr.
8 O’Donnell, SCE&G), the Company noted that:

9 One rating agency, by action taken in 2011, downgraded both the
10 short-term and senior unsecured long-term debt of SCANA. These
11 downgrades have increased SCANA’s short-term borrowing rate and
12 decreased the average maturity of its short-term debt, and may have
13 the effect of increasing SCANA’s long-term borrowing rate.
14 Although access to the short-term market has not been adversely
15 impacted, this could change under different market conditions.²³

16 Quality rankings, which attempt to distill historical data regarding earnings
17 and dividends to a single ranking (*i.e.*, B, B+, A- etc.),²⁴ are far less relevant to the
18 process of establishing a forward-looking ROE by reference to comparable companies
19 than are credit ratings, which consider a broad array of current and potential
20 regulatory, business, and financial risks.

21 SCANA Corporation, SEC Form 10-K for the Fiscal Year ended December 31, 2011, at 18. Clarification
added.

22 *Ibid.*, at 76.

23 *Ibid.*, at 19.

24 *See Standard & Poor’s Quality Rankings Portfolio Performance, Risk, and Fundamental Analysis*,
October 2005, at 5-7.

1 **Q. DO YOU AGREE WITH MR. O'DONNELL'S SOLE RELIANCE ON**
2 **COMPANIES WITH S&P QUALITY RANKINGS OF B+ AND A- AS A PROXY**
3 **FOR SCE&G?**

4 A. No, I do not. While Mr. O'Donnell chooses companies one notch *above* SCANA's B+
5 ranking, he does not consider companies one notch *below* SCANA's ranking. This biases
6 the results of his proxy group results toward companies with S&P Quality Rankings
7 higher than SCANA's ranking. In selecting my proxy group, I included all companies
8 with investment grade credit ratings; doing so includes companies with credit ratings both
9 above and below SCE&G's BBB+ credit rating.

10 **Q. DO YOU AGREE WITH MR. O'DONNELL'S CONSIDERATION OF SCANA,**
11 **THE PARENT COMPANY OF SCE&G, IN HIS ANALYSES?**

12 A. No, I do not. As noted in my Direct Testimony, SCANA has significant natural gas
13 utility and transmission operations, and does not meet my electric utility revenue and
14 operating income screens.²⁵ In addition, it is my practice to exclude parent companies
15 from the proxy groups of subsidiary utilities, as the inclusion of a parent involves circular
16 logic.²⁶ Consequently, I do not include SCANA in my ROE analyses.

17 **Q. WHAT ARE YOUR CONCLUSIONS REGARDING MR. O'DONNELL'S PROXY**
18 **GROUP?**

19 A. As stated above, I continue to believe my screening criteria are appropriate. Including
20 companies both one notch above and below SCANA's B+ ranking merely eliminates an

²⁵ See Direct Testimony of Robert B. Hevert, at 13.

²⁶ *Ibid.*

1 element of bias in Mr. O'Donnell's results. As such, I have continued to rely on my
2 proxy group in my updated analytical results.

3 ***DCF Model Growth Rate Estimates***

4 **Q. WHAT GROWTH RATES DID MR. O'DONNELL CONSIDER IN HIS DCF**
5 **ANALYSIS?**

6 A. As noted earlier, Mr. O'Donnell reviews a variety of growth rates, including: (1) the
7 historical and projected "plowback ratio" (also referred to herein as "sustainable growth"
8 rates or "retention growth" rates) as reported by Value Line; (2) the historical ten-year
9 and five-year compound annual growth rates in earnings per share ("EPS"), book
10 value per share ("BVPS"), and dividends per share ("DPS") growth rates as reported by
11 Value Line; (3) the Value Line projected EPS, BVPS, and DPS growth rates; and (4)
12 consensus projected EPS growth rates, as reported by Charles Schwab & Co.²⁷

13 **Q. DO YOU AGREE WITH THE GROWTH RATE ASSUMPTIONS REFLECTED**
14 **IN MR. O'DONNELL'S ANALYSIS?**

15 A. No, I do not. As to the use of dividend and book value growth rates, it is important to
16 realize that earnings growth enables both. That is, book value can increase over time
17 only through the addition of retained earnings, or with the issuance of new equity. Both
18 of those factors are derivative of earnings: retained earnings increases with the amount of
19 earnings not distributed as dividends; and the price at which new equity is issued is a
20 function of the EPS and the then-current Price/Earnings ("P/E") ratio. Similarly, as noted
21 in my Direct Testimony, earnings are the fundamental driver of a company's ability to

²⁷ See Direct Testimony of Kevin W. O'Donnell, Exhibit KWO-1.

1 pay dividends.²⁸ Corporate decisions to manage the dividend payout ratio for the purpose
2 of minimizing future dividend reductions, or to signal future earnings prospects can
3 influence dividend growth rates in near-term periods in a manner that is disproportionate
4 to earnings growth.

5 I also note that under the strict assumptions of the Constant Growth DCF model,
6 earnings, dividends and stock prices all grow at the same, constant rate. As Rebuttal
7 Exhibit No.____(RBH-6) demonstrates, under those assumptions, the assumed growth rate
8 equals the rate of capital appreciation (*i.e.*, the stock price growth rate). Given that
9 investors tend to value common equity on the basis of P/E ratios, the expected (and
10 required) Return on Equity is a function of the long-term growth in earnings, not
11 dividends or book value. It also is important to note that Value Line is the only service
12 relied on by Mr. O'Donnell that provides either DPS, BVPS, or retention growth
13 projections. To the extent that the earnings projections services such as Zacks and First
14 Call represent consensus estimates, the results are less likely to be biased in one direction
15 or another as a result of an individual analyst.

16 In addition, Mr. O'Donnell reasons that the historical growth rates he presents are
17 relevant to the determination of the Company's Cost of Equity since it is a "more global
18 approach."²⁹ To the extent that analysts such as those included in Mr. O'Donnell's
19 Charles Schwab consensus earnings growth estimate already consider historical
20 information in arriving at their conclusions and recommendations, any additional
21 consideration would over-weight the informational content of historical growth rates.

²⁸ Direct Testimony of Robert B. Hevert, at 22.

²⁹ Direct Testimony of Kevin W. O'Donnell, at 38.

1 In any event, academic research has clearly indicated that measures of earnings
2 and cash flow are strongly related to stock valuation.³⁰ As discussed below, that
3 conclusion holds true for the universe of companies that Mr. O'Donnell considered in
4 developing his proxy group. Consequently, neither dividend nor book value growth
5 should be used in the application of the Constant Growth DCF model. Rather,
6 projected earnings growth rates are the appropriate measure of long-term growth.

7 **Q. PLEASE DESCRIBE THE ANALYSES YOU PERFORMED TO ASSESS THE**
8 **RELATIONSHIP BETWEEN STOCK PRICES AND HISTORICAL AND**
9 **PROJECTED EARNINGS, DIVIDEND AND BOOK VALUE GROWTH RATES.**

10 A. As shown in Rebuttal Exhibit No.__(RBH-7), my analyses examine the relationship
11 between the Enterprise Value to EBIT³¹ ("EV/EBIT") ratios of the proxy group
12 companies, the historical EPS, BVPS, DPS growth rates and projected BVPS and DPS
13 growth rates provided by Value Line, as well as projected EPS growth rates provided by
14 Value Line, Zacks, and First Call. In order to establish a sample of sufficient size to be
15 statistically significant, I examined the relationship between the EV/EBIT ratio of the
16 combination of companies in Mr. O'Donnell's proxy group and my proxy group and the

³⁰ In *The Risk Premium Approach to Measuring a Utility's Cost of Equity*, published in Financial Management, Spring 1985, Brigham, Shome and Vinson noted that "evidence in the current literature indicates that (1) analysts' forecasts are superior to forecasts based solely on time series data; and (2) investors do rely on analysts' forecasts." Similarly, in a review of literature regarding the extent to which analyst forecasts are reflected in stock prices (Using Analyst's Growth Forecasts to Estimate Shareholder Required Rates of Return, Financial Management, Spring 1986), Harris noted: "VanderWeide and Carleton recently compare consensus [financial analyst forecasts] of earnings growth to 41 different historical growth measures. They conclude that 'there is overwhelming evidence that the consensus analysts' forecast of future growth is superior to historically-oriented growth measures in predicting the firm's stock price...consistent with the hypothesis that investors use analysts' forecasts, rather than historically-oriented growth calculations, in making stock buy and sell decisions.'" The VanderWeide and Carleton study was updated in 2004 under the direction of Dr. VanderWeide. The results of the updated study were consistent with the original study's conclusions.

³¹ Enterprise Value/Earnings Before Interest, Taxes ("EBIT")

1 various growth rates reported by Value Line as well as the average projected EPS growth
2 rates from Value Line, Zacks, and First Call as of October 31, 2012. I then performed a
3 series of regression analyses in which the historical and projected growth rates were
4 included as explanatory variables, with the EV/EBIT ratio as the dependent variable. The
5 intent of those analyses was to determine whether or not historical and projected
6 earnings, book value and dividend growth rates are statistically related to the companies'
7 valuation levels.

8 **Q. WHAT DID THOSE ANALYSES REVEAL?**

9 A. As shown in Rebuttal Exhibit No.__(RBH-7), the results indicate that the only
10 statistically significant variable was the projected EPS growth rate. That is, none of the
11 historical or projected DPS or BVPS growth rates, nor historical EPS growth rates have a
12 statistically significant relationship to valuation levels. Since the DCF model defines
13 stock prices as a function of growth rates, only those growth rates that have a strong
14 theoretical and empirical relationship to valuation levels should be used in the analysis.
15 Consequently, projected EPS growth rates are the appropriate measure of growth for the
16 purpose of the Constant Growth DCF model.

17 **Q. DO YOU HAVE ANY CONCERNS WITH THE PROJECTED EPS GROWTH**
18 **RATES THAT MR. O'DONNELL DID USE?**

19 A. Yes, in particular I note that in arriving at his estimated growth rates, Mr. O'Donnell
20 includes negative growth estimates. In doing so, Mr. O'Donnell implicitly has assumed
21 that investors would consider committing capital to a company that is expected to have
22 negative growth, in perpetuity. As Rebuttal Exhibit No.__(RBH-8) demonstrates,

1 eliminating negative growth rates from Mr. O'Donnell's DCF analysis, the mean
2 projected EPS growth rate increases by 72 to 78 basis points. In addition, Mr. O'Donnell
3 includes growth rates for transmission and distribution-only utilities, which, all else being
4 equal, have lower risk profiles compared to vertically integrated utilities like SCE&G.
5 Eliminating growth rates for transmission and distribution-only utilities (in addition to
6 eliminating negative growth rates) increases the mean projected EPS growth rate by 82 to
7 105 basis points. However, given that Mr. O'Donnell's 4.50 percent to 5.00 percent
8 growth rate range is the result of his subjective judgment and, therefore, cannot be
9 replicated, it is difficult to say how negative and inappropriate growth rates weighed in
10 his analyses and recommendation.

11 **Q. HOW DOES MR. O'DONNELL CALCULATE THE RETENTION GROWTH**
12 **RATES USED IN HIS DCF ANALYSES?**

13 A. Mr. O'Donnell calculates the retention growth rates by obtaining the "percent retained to
14 common equity" from Value Line. As Mr. O'Donnell explains, the estimate is calculated
15 as the product of the expected earned return on common equity ("R"), and the retention
16 ratio (*i.e.*, the portion of earnings not paid out in dividends, or "B").³²

17 **Q. DO YOU AGREE WITH MR. O'DONNELL'S ESTIMATE OF THE**
18 **"PLOWBACK GROWTH" RATE THAT IS IN HIS DCF ANALYSIS?**

19 A. No, I do not. The full form of the "plowback growth," or retention growth, (sometimes
20 referred to as "sustainable growth") model is based on the proposition that a firm's
21 growth is a function of its expected earnings (represented as "r," or the expected Return

³² See Direct Testimony of Kevin W. O'Donnell, at 19.

on Common Equity), the extent to which it retains earnings to invest in the enterprise (represented by “b,” or the extent to which the company retains those earnings), and the degree to which external financing enables future growth. The form of the model that Mr. O’Donnell relies on projects growth as a function of retained income, alone.³³ That is, Mr. O’Donnell’s estimate of retention growth fails to account for future equity issuances that also can be a source of growth. If Mr. O’Donnell is going to consider a form of retention growth in his DCF analyses, he should use the “br + sv” form of the model, which reflects growth both from internally generated funds (*i.e.*, the “br” term) and from issuances of equity (*i.e.*, the “sv” term). Failure to do so understates long-term growth, as defined by this model.

Q. ARE THERE OTHER REASONS TO DOUBT THE RESULTS OF DCF ANALYSES THAT RELY ON RETENTION GROWTH FOR ELECTRIC UTILITIES IN PARTICULAR?

A. Yes. To the extent that retention growth is used as a measure of long-term growth, the determinants of the expected earned Return on Common Equity, including the projected level of sales efficiency, profitability, and capitalization ratios, should remain constant over the projection period, and beyond.³⁴ If that is not the case, the model is an unreliable measure of the subject company’s future growth. In order to assess the stability of those factors, I applied the “DuPont” formula, which decomposes the Return

³³ As Rebuttal Exhibit No.____(RBH-9) demonstrates, the “b x r” method is equivalent to Value Line’s “Retained to Common Equity” rate (differences are due to rounding).

³⁴ As discussed below, the ROE can be defined using the DuPont Equation in which $ROE = \text{Tax Burden} \times \text{Interest Burden} \times \text{Operating Profit Margin} \times \text{Asset Turnover} \times \text{Leverage Ratio}$ or $ROE = [\text{Net Profit/Pretax Profit}] \times [\text{Pretax Profit/EBIT}] \times [\text{EBIT/Sales}] \times [\text{Sales/Assets}] \times [\text{Assets/Equity}]$, where EBIT is Earnings before interest and taxes. I use the terms sales efficiency and asset turnover interchangeably. *See*, for example, R. Brealey, S. Myers, J. Marcus, Fundamentals of Corporate Finance, Fourth Edition, at 459.

1 on Common Equity (that is, the “r” component of the model) into three factors: the Profit
2 Margin (net income/revenues), Asset Turnover (revenues/net plant), and the Equity
3 Multiplier (net plant/equity).

4 As Rebuttal Exhibit No.____(RBH-10) demonstrates (using Mr. O’Donnell’s
5 proxy group), the product of those three factors is approximately equal (but for rounding)
6 to Value Line’s reported Return on Common Equity, both historical and projected. That
7 analysis also shows that while all three components are expected to change over time, the
8 Equity Multiplier (*i.e.*, the ratio of assets to equity) is expected to decrease, indicating the
9 expectation that the proxy companies will finance an increasing amount of their net plant
10 with common equity. That finding is consistent with the general observation that since
11 the 2008 capital market dislocation, capital-intensive companies such as utilities have
12 been focused on financial integrity and the ability to access the capital markets during
13 turbulent conditions. Similarly, the ratio of revenues to assets is expected to decrease,
14 suggesting that the increase in capital expenditures will out-pace revenue growth during
15 Value Line’s three to five year projection period. That observation is consistent with the
16 expected increases in capital investments discussed in my Direct Testimony.³⁵ Given
17 that fundamental elements of the “r” component of the retention growth model are
18 expected to change over time, I believe it is inappropriate to rely on that model as an
19 estimate of long-term (that is, perpetual) growth.

20 Lastly, it is important to realize that for the purpose of setting utility rates, the
21 retention growth method of estimating long-term growth requires an estimate of the
22 Return on Equity. In that regard, Mr. O’Donnell has pre-supposed the Return on

³⁵ See Direct Testimony of Robert B. Hevert, at 35.

1 Common Equity (“ROCE”) projected by Value Line for all of the proxy group
2 companies. Notwithstanding that Mr. O’Donnell has assumed the reasonableness of
3 those projections, his DCF results of 8.75 percent to 9.25³⁶ percent are 155 to 205 basis
4 points below the average Value Line ROCE estimate of 10.80 percent.³⁷ The rather
5 substantial difference between the Return on Common Equity projection assumed by Mr.
6 O’Donnell and his DCF results calls into question the reasonableness and objectivity of
7 his analytical results and recommendation.

8 **Q. WHAT ARE YOUR CONCLUSIONS REGARDING THE APPROPRIATE**
9 **GROWTH RATE FOR THE DCF MODEL?**

10 A. Based on the analyses and research noted above, my conclusion is that projected Earnings
11 per Share represent the appropriate measure of growth in the Constant Growth DCF
12 model. I therefore have continued to rely on projected EPS growth rates from Value
13 Line, Zacks, and First Call in developing my Constant Growth DCF results.

14 **Q. WHAT EFFECT WOULD THE USE OF PROJECTED EPS GROWTH RATES**
15 **HAVE ON MR. O’DONNELL’S DCF ANALYSIS?**

16 A. As noted earlier, the 4.50 percent to 5.00 percent growth rate that underlies Mr.
17 O’Donnell’s DCF estimate is based on his subjective judgment. As a result, there is no
18 underlying analysis to be replicated. Therefore, it is difficult to say how each of the
19 growth rates presented in Mr. O’Donnell’s testimony weighed in his DCF analysis and
20 his conclusion.

³⁶ See Direct Testimony of Kevin W. O’Donnell, at 23.

³⁷ See Direct Testimony of Kevin W. O’Donnell, Exhibit KWO-3.

1 ***Relevance and Application of the CAPM***

2 **Q. DOES MR. O'DONNELL INCLUDE THE CAPM IN HIS EVALUATION OF**
3 **SCE&G'S ROE?**

4 A. No, he does not. Mr. O'Donnell states that he does not apply the CAPM because he
5 believes that an underlying assumption of the CAPM is that "calculated risk
6 premiums stay relatively constant over time," and that he has "found such
7 assumptions to be unrealistic."³⁸ Mr. O'Donnell further suggests that, because he
8 believes that Beta coefficients may not reflect "sudden changes in a company's
9 stock price," the CAPM could produce "meaningless results."³⁹ Finally, Mr. O'Donnell
10 concludes that the CAPM model is a "pure academic model," and that investors "simply
11 do not use such an academic model in the daily 'real life' decisions."⁴⁰

12 **Q. DO YOU AGREE WITH MR. O'DONNELL'S ASSESSMENT OF THE CAPM**
13 **MODEL?**

14 A. No, I do not. As a preliminary matter, all financial models have an "academic" element.
15 For example, Brigham, Shome, and Vinson addressed methods used to estimate the cost
16 of equity for regulated utilities. In their introduction, the authors noted that:

17 In the mid-1960s, Myron Gordon and others began applying the
18 theory of finance to help estimate utilities' costs of capital.
19 Previously, the standard approach in cost of equity studies was
20 the "comparable earnings method," which involved selecting a
21 sample of unregulated companies whose investment risk was judged
22 to be comparable to that of the utility in question, calculating the
23 average return on book equity (ROE) of these sample companies, and
24 setting the utility's service rates at a level that would permit the utility

38 Direct Testimony of Kevin W. O'Donnell, at 39.

39 *Ibid.*, at 40.

40 *Ibid.*, at 41.

1 to achieve the same ROE as the comparable companies. This
2 procedure has now been thoroughly discredited...and it has been
3 replaced by three market-oriented approaches: (i) the DCF method,
4 (ii) the bond-yield-plus-risk-premium method, and (iii) the CAPM,
5 which is a specific version of the generalized bond-yield-plus-risk-
6 premium approach.⁴¹

7 Similarly, an article published in Financial Analysts Journal surveyed financial
8 analysts to determine the analytical techniques that are used in practice, and this included
9 the CAPM.⁴² And while Mr. O'Donnell chooses not to use the CAPM because there
10 are certain elements of the model that require the application of reasoned judgment, the
11 DCF model also is subject to disagreement as to its application; much of my Rebuttal
12 Testimony speaks to the areas in which I believe Mr. O'Donnell has misapplied that
13 model. Mr. O'Donnell's 4.50 percent to 5.00 percent growth estimate, for example, is the
14 result of his judgment in reviewing various measures of growth. As noted earlier, while
15 the CAPM analyses presented in my Direct Testimony can be replicated, Mr.
16 O'Donnell's DCF growth rate estimates cannot.

17 Moreover, while Mr. O'Donnell notes some of the assumptions underlying the
18 CAPM, he fails to point out the limiting assumptions underlying the Constant Growth
19 DCF model: (1) that earnings, dividends and book value grow at the same, constant rate;
20 (2) that the dividend payout ratio stays constant over time; (3) a constant Price/Earnings
21 multiple; and (4) a discount rate greater than the expected growth rate. In my experience,
22 it is difficult to assume that all of those assumptions will hold in perpetuity. Because all

⁴¹ Eugene F. Brigham, Dilip K. Shome, and Steve R. Vinson, *The Risk Premium Approach to Measuring a Utility's Cost of Equity*, Financial Management, Spring, 1985.

⁴² See Stanley B. Block, *A Study of Financial Analysts: Practice and Theory*, Financial Analysts Journal, July/August, 1999.

1 financial models are susceptible to the effects of limiting assumptions, it is common to
2 use multiple methodologies in estimating the cost of equity.

3 **Q. DO YOU AGREE WITH MR. O'DONNELL'S STATEMENT THAT BETA**
4 **COEFFICIENTS CALCULATED OVER EXTENDED TIME PERIODS MAY**
5 **NOT REFLECT CURRENT MARKET CONDITIONS?**⁴³

6 A. As a general matter, I do. As noted on page 29 of my Direct Testimony, Bloomberg and
7 Value Line calculate Beta coefficients over two and five year periods, respectively.
8 Consequently, those Beta coefficients may not adequately reflect investors' sentiments
9 during periods of rapid and substantial market changes. It is precisely for that reason that
10 the CAPM results presented in my Direct Testimony included analyses based on Beta
11 coefficients calculated over a twelve-month period. I also agree that the Market Risk
12 Premium is not static; that is why I perform several forward-looking analyses to estimate
13 that variable. In my view, ensuring that the model's inputs reflect current market realities
14 is a far more reasonable approach than simply dismissing the CAPM as "academic."

15 **Q. DO YOU ALSO AGREE WITH MR. O'DONNELL'S ASSERTION THAT THE**
16 **CAPM IS NOT USED IN THE "REAL WORLD"?**

17 A. No, I do not. As noted earlier, the survey by Stanley Block clearly indicated that the
18 CAPM is used by practitioners. In fact, a 2001 article by Professors Graham and Harvey
19 demonstrated that industry practitioners are far more likely to use the CAPM than the

⁴³ See Direct Testimony of Kevin W. O'Donnell, at 40.

DCF model.⁴⁴ As such, I strongly disagree with Mr. O'Donnell's assertion that the CAPM is not used in practice.

Flotation Cost Adjustment

Q. HAS MR. O'DONNELL INCORPORATED THE FLOTATION COST ADJUSTMENT INTO HIS ROE RECOMMENDATION?

A. No, he has not. Nor has he made any reply to my consideration of a flotation cost adjustment in my Direct Testimony.

Q. HAS THE COMMISSION RECOGNIZED THE NEED TO RECOVER FLOTATION COSTS IN PRIOR ORDERS?

A. Yes. In Docket No. 2002-223-E-Order No. 2003-38, the Commission granted the Company the recovery of flotation costs. In that Order, the Commission noted:

[F]lotation costs are not an expense to be recovered during a particular period. Instead, they represent a difference in the amount of funds that investors have invested in the Company compared to the amount the Company actually receives.

...Accordingly, the Commission finds that the reliable, probative and substantial evidence on the record establishes that flotation adjustments are indeed appropriate in this case to reflect SCE&G's recent issuance of new equity and the fact that these costs are not otherwise recovered in setting rates.⁴⁵

Q. WHAT IS YOUR POSITION REGARDING A FLOTATION COST ADJUSTMENT?

A. As discussed in my Direct Testimony, common equity has an infinite life and as such, flotation costs, which are necessarily incurred to obtain the equity capital needed to invest

⁴⁴ John R. Graham, Campbell R. Harvey, *The Theory and Practice of Corporate Finance: Evidence from the Field*, Journal of Financial Economics, 2001.

⁴⁵ Public Service Commission of South Carolina, Docket No. 2002-223-E, Order No. 2003-38, January 31, 2003, at 72, 73.

1 in the infrastructure used to serve the Company's customers, should be recovered through
2 an adjustment to the ROE. In that regard, the 14 basis point flotation cost calculated in
3 Exhibit No.____(RBH-7) to my Direct Testimony includes actual, direct costs incurred by
4 SCANA to issue common equity. While Mr. O'Donnell has not incorporated a flotation
5 cost adjustment in his analyses or recommendation, I still maintain that such
6 consideration is warranted, and in fact necessary in a complete analysis of investors'
7 required returns.

8 *Relative Risk of Debt and Equity*

9 **Q. WHAT IS YOUR RESPONSE TO MR. O'DONNELL'S SUGGESTION THAT**
10 **INVESTORS CONSIDER UTILITY STOCKS TO BE "BOND**
11 **EQUIVALENTS"?**⁴⁶

12 A. While it may be Mr. O'Donnell's opinion that investors consider utility ROEs as
13 equivalent to the cost of debt, he provides no support for his assertion that electric
14 utilities in general (and the Company in particular) essentially have no residual (that is,
15 equity) risk and somehow take on the risk characteristics of debt. Under any condition,
16 debt investors are the beneficiaries of a contractual obligation to make interest and
17 principal payments, while equity investors bear the "residual risk" associated with
18 ownership. In light of that priority and the incremental security provided by the debt
19 agreements, yields on long-term debt are below returns required by equity investors. For
20 that reason alone, it is difficult to imagine that the Cost of Equity would approach the
21 cost of debt. More importantly, it is clear that investors consider equity to be far more
22 risky than debt.

⁴⁶ Direct Testimony of Kevin W. O'Donnell, at 15.

1 **Q. IS IT POSSIBLE TO TEST THE CONCLUSION THAT THE EQUITY RISK FOR**
2 **UTILITY COMPANIES APPROACHES THE RISK ASSOCIATED WITH**
3 **LONG-TERM BONDS?**

4 A. Yes, it is. One approach is to consider the volatility of each investment relative to the
5 broader market. An important component of the CAPM is the Beta coefficient, which
6 measures the volatility of the underlying security relative to the volatility of the market as
7 a whole.⁴⁷ It is possible to calculate the implied Beta coefficient associated with debt
8 yields. To the extent that the implied debt Beta is well below the equity Beta coefficient,
9 Mr. O'Donnell's assertion that utilities are an alternative investment to long-term bonds
10 is called into question. In that regard, since debt holders benefit from the contractual
11 obligation of the debtor to pay both principal and interest, the volatility of debt securities
12 relative to the broad equity market is extremely low; in fact, a common assumption is that
13 debt Beta coefficients are near-zero. In the 1984 edition of their widely-used text, for
14 example, Brealey and Myers note that:

15 Debt betas are typically close to zero – close enough that for large
16 blue-chip companies, many financial analysts just assume $\beta_{\text{debt}} = 0$.⁴⁸

17 In their 2008 text, Ross, Westerfield and Jaffe state that “[t]he beta of debt is very low in
18 practice.”⁴⁹

19 The debt Beta coefficients of Baa-rated utilities can be calculated using the
20 average yield on that debt. The 30-day average of the Moody's Baa-rated Utility Bond
21 Index is 4.61 percent and the average risk-free rate over that same time period is 2.90

⁴⁷ See, Direct Testimony of Robert B. Hevert, at 25.

⁴⁸ Richard Brealey and Stewart Myers, Principles of Corporate Finance, 2nd Ed., 1984, McGraw-Hill, at 175.

⁴⁹ Stephen Ross, Randolph Westerfield, Jeffery Jaffe, Corporate Finance, 8th Ed., 2008, McGraw-Hill/Irwin, at 351.

1 percent. For the sake of discussion, using the average Market Risk Premium contained in
2 Rebuttal Exhibit No.____(RBH-2), the Beta coefficient for Moody's Baa-rated Utility
3 Bond Index is 0.17 (4.62 percent = 2.90 percent + (0.17 x 10.08 percent)). The Value
4 Line equity Beta coefficients for the proxy group presented in Rebuttal Exhibit
5 No.____(RBH-3) range from 0.55 to 0.95 with an average of 0.73, or more than four times
6 the implied debt Beta coefficient. Thus, actual market data does not support the notion
7 that investors consider utility stocks and bonds to be substitutes or surrogates.

8 **V. RESPONSE TO THE DIRECT TESTIMONY OF MR. O'DONNELL AS IT**
9 **RELATES TO THE COMPANY'S CAPITAL STRUCTURE**

10 **Q. PLEASE PROVIDE A BRIEF SUMMARY OF MR. O'DONNELL'S**
11 **RECOMMENDATION AS IT RELATES TO THE COMPANY'S CAPITAL**
12 **STRUCTURE.**

13 A. Mr. O'Donnell recommends that the Commission adopt the SCANA Corp. consolidated
14 capital structure, consisting of 54.86 percent long-term debt, and 45.14 percent common
15 equity as of June 30, 2012.⁵⁰ Mr. O'Donnell arrives at his conclusion that the parent
16 company (*i.e.*, SCANA Corp.) capital structure is appropriate to use in lieu of the
17 SCE&G capital structure based on his assertions that there is clear evidence of "double
18 leverage" in the Company's rate application.⁵¹ In support of his position, Mr. O'Donnell
19 presents the June 30, 2012 common equity balances for each of SCE&G, Public Service
20 of North Carolina ("PSNC"), and SCANA Corp., reasoning that since the consolidated

⁵⁰ Direct Testimony of Kevin W. O'Donnell, at 36.

⁵¹ *Ibid.*, at 37.

1 equity held at the parent level is less than the sum of the subsidiary equity balances, the
2 SCE&G capital structure necessarily reflects the effects of double leverage.

3 **Q. DO YOU AGREE WITH MR. O'DONNELL'S CONCLUSIONS IN THAT**
4 **REGARD?**

5 A. No, I do not. As discussed below, Mr. O'Donnell's conclusions are based on a principal
6 assumption that he has not proven to be true, neglects the practical effects of the nuclear
7 investment program on the Company's need to maintain a strong financial profile,
8 ignores the offsetting effect that his unduly low equity ratio would have on the
9 Company's cost of capital, reflects a common equity ratio that is well below the
10 prevailing level of common equity in place at comparable utility operating
11 companies, and is inconsistent with prior Commission precedent.

12 **Q. IN YOUR DIRECT TESTIMONY, YOU CALCULATED THE CAPITAL**
13 **STRUCTURES FOR THE PROXY GROUP COMPANIES TO ASSESS THE**
14 **REASONABLENESS OF SCE&G'S PROPOSED CAPITAL STRUCTURE.**
15 **HAVE YOU PERFORMED A SIMILAR ANALYSIS OF MR. O'DONNELL'S**
16 **PROXY GROUP?**

17 A. Yes. As discussed in my Direct Testimony, I analyzed the actual capital structures in
18 place at the operating companies held within my proxy group. Doing so removes the
19 effect of capital used to support unregulated operations. The average operating utility
20 company capital structures reflects 51.50 percent common equity, and 48.50 percent
21 long-term debt. The proxy group companies' equity ratios range from a low of 48.09
22 percent to a high of 59.90 percent.

1 While I disagree with many of the parent companies included in Mr. O'Donnell's
2 peer group, I have calculated the range and average equity for the utility operating
3 companies held within that group as well. The average of Mr. O'Donnell's proxy group
4 operating utility company capital structures is 52.65 percent common equity, and 47.35
5 percent long-term debt. Mr. O'Donnell's proxy group companies' equity ratios range
6 from a low of 46.92 percent to a high of 60.10 percent. Based on this analysis, the
7 Company's proposed capital structure of 52.18 percent common equity and 47.82 percent
8 long-term debt remains highly consistent with those of the utility operating companies
9 held within my and Mr. O'Donnell's proxy groups. On that basis, I conclude that the
10 Company's proposed 52.18 percent equity ratio is quite consistent with industry practice.

11 **Q. WHERE DOES MR. O'DONNELL'S PROPOSED EQUITY RATIO FALL IN**
12 **RELATION TO THOSE OF THE PROXY COMPANIES?**

13 A. Mr. O'Donnell's proposed equity ratio of 45.14 percent is 295 basis points (*i.e.*, 2.95
14 percentage points) below the low point of the range suggested by my proxy group, and
15 178 basis points (*i.e.*, 1.78 percentage points) below the low point of the range suggested
16 by his peer group. In addition, Mr. O'Donnell's proposed equity ratio is 636 basis points
17 (*i.e.*, 6.36 percent) lower than the mean equity ratio of 51.50 percent of my proxy group
18 and 751 basis points (*i.e.*, 7.51 percent) below the mean equity ratio of 52.65 percent of
19 his own peer group.

1 **Q. DO THE CAPITAL STRUCTURES IN PLACE AT THE OPERATING**
2 **COMPANIES DIFFER FROM THOSE OF THE CONSOLIDATED PARENT**
3 **COMPANIES?**

4 A. Yes, they do. As shown in Rebuttal Exhibit No.____(RBH-11), the average capital
5 structure for my proxy group companies at the consolidated level includes 49.22 percent
6 common equity, and 50.78 percent long-term debt. For Mr. O'Donnell's proxy group,
7 the average capital structure at the consolidated level includes 47.21 percent common
8 equity, and 52.79 percent long-term debt. This demonstrates that consolidated company
9 capital structures can understate the average electric utility common equity ratio by 2.28
10 to 5.44 percentage points. That is, for the companies in both my and Mr. O'Donnell's
11 proxy groups, it is typical for the utility operating companies to have higher equity ratios
12 than the consolidated parent companies.

13 **Q. HAS THE COMMISSION COMMENTED ON THE USE OF THE PARENT**
14 **COMPANY CAPITAL STRUCTURE IN OTHER SCE&G RATE**
15 **PROCEEDINGS?**

16 A. Yes, it has. In a rate order issued in 1989, the Commission recognized the potential
17 negative effects of applying SCANA's capital structure to SCE&G. In that order, the
18 Commission stated:

19 The Commission finds that it would be appropriate to utilize
20 the consolidated capital structure of SCE&G rather than SCANA's
21 capital structure for the purposes of setting the fair rate of return to
22 avoid any potential uncertainties or negative impacts that might result
23 from the non-regulated investments in SCANA.⁵²

⁵² Public Service Commission of South Carolina, Docket No. 88-681-E, Order No. 89-588, July 3, 1989, at 41.

1 The Commission appears to have adhered to this philosophy, approving capital structures
2 based on SCE&G's actual capitalization in the Company's most recent electric rate
3 cases.⁵³

4 **Q. PLEASE BRIEFLY SUMMARIZE MR. O'DONNELL'S CONCLUSIONS**
5 **REGARDING THE EFFECT OF HIS ROE AND CAPITAL STRUCTURE**
6 **RECOMMENDATIONS ON THE COMPANY'S CREDIT PROFILE.**

7 A. Mr. O'Donnell suggests that "[t]here is always a risk of a credit downgrade for a publicly
8 traded company" and, to that point, notes that the Company was downgraded by Moody's
9 in September, 2011.⁵⁴ Based on his review of an October 2011 report by Moody's, Mr.
10 O'Donnell states that the level of SCE&G's rates relative to its peers was a factor in
11 Moody's decision to reduce the Company's credit rating. Mr. O'Donnell concludes that
12 his recommendation would "help keep SCE&G's rates down," and actually may help the
13 Company avoid a future ratings downgrade.⁵⁵

14 **Q. DO YOU AGREE WITH MR. O'DONNELL'S CONCLUSION THAT HIS**
15 **RECOMMENDATIONS, WHICH WOULD SIGNIFICANTLY REDUCE THE**
16 **COMPANY'S EQUITY RATIO AND AUTHORIZED ROE, MAY BE CREDIT**
17 **SUPPORTIVE?**

18 A. No, I do not. Mr. O'Donnell focused on one aspect of Moody's analysis, but failed to
19 consider the far more relevant, detrimental effects of his recommendation on the

⁵³ See, Public Service Commission of South Carolina, Settlement Audit Exhibit SGS-6, Docket No. 2007-229-E; Public Service Commission of South Carolina, Docket No. 2004-178-E, Order No. 2005-2, January 6, 2005; Public Service Commission of South Carolina, Docket No. 2002-223-E, Order No. 2003-38, January 31, 2003.

⁵⁴ Direct Testimony of Kevin W. O'Donnell, at 37.

⁵⁵ *Ibid.*

1 Company's cash flows (and, therefore, the cash flow coverage ratios that are the focus of
2 Moody's credit metrics), and the financial community's view of South Carolina as a
3 predictable, credit-supportive regulatory jurisdiction. Rather than being credit-
4 supportive, as Mr. O'Donnell asserts, his recommendations, in my view, would put
5 downward pressure on credit metrics and, therefore, on the Company's credit profile.

6 **Q. REFERRING TO THE OCTOBER 2011 REPORT CITED BY MR. O'DONNELL,**
7 **DID MOODY'S FOCUS ON THE COMPANY'S RELATIVE RATES IN ITS**
8 **SUMMARY OF THE FACTORS DRIVING SCE&G'S CREDIT RATING?**

9 A. No, the report did not focus on the Company's relative rates. Rather, Moody's focused
10 on the Company's capital investment program, the corresponding need to maintain
11 appropriate financial metrics, and the credit-supportive nature of South Carolina
12 regulation. Regarding credit metrics, Moody's noted that its rating reflected the view that
13 the Company "will take necessary actions to maintain metrics appropriate to the current
14 rating."⁵⁶ As to the nature of the regulatory environment, Moody's stated that "[t]he
15 continuance of a supportive regulatory and political environment in South Carolina is
16 another crucial element, since regulation currently drives 50% of the rating
17 methodology."⁵⁷ Nowhere in his testimony, however, does Mr. O'Donnell assess the
18 implications of his recommendations on cash flow-related credit metrics, or consider the
19 effect of a significant departure from the Commission's prior orders, as his
20 recommendation would require, on the financial community's view of the South Carolina
21 regulatory environment.

⁵⁶ Moody's Investors Service, *South Carolina Electric & Gas Company*, October 26, 2011, at 1.

⁵⁷ *Ibid.*

1 **Q. HAVE YOU PERFORMED AN ASSESSMENT OF HOW MR. O'DONNELL'S**
2 **RECOMMENDATIONS, IF ADOPTED, WOULD AFFECT THE COMPANY'S**
3 **CREDIT METRICS?**

4 A. Yes, I considered two separate, but related sets of credit metrics. The first corresponds to
5 a measure disclosed by companies in their SEC Form 10-K filings, *i.e.*, the ratio of
6 earnings to fixed charges.⁵⁸ That ratio (sometimes referred to as the ratio of
7 EBIT/Interest), which measures the surplus of (1) the sum of pre-tax earnings and fixed
8 charges over (2) fixed charges, is meant to be a measure of long-term solvency.⁵⁹ A
9 related calculation is the ratio of Earnings Before Interest, Taxes Depreciation and
10 Amortization ("EBITDA") over interest expense. The two ratios are related in that
11 EBITDA simply is the sum of EBIT and Depreciation Expense. While EBIT is
12 recognized as a measure of pre-tax earnings, EBITDA is considered to be a measure of
13 pre-tax cash flows.

14 The second set of ratios focuses on cash flow coverage metrics relied upon by
15 Moody's: (1) the ratio of Cash From Operations ("CFO") to Debt; and (2) the ratio of
16 CFO plus interest expense, to interest expense. Both of those measures are noted in the
17 report cited by Mr. O'Donnell in arriving at his conclusion that his recommendations may
18 be credit-supportive.

⁵⁸ See, for example, Exhibit 12.01 to SCANA Corporation's SEC Form 10-K for the Year Ended December 31, 2011.

⁵⁹ "EBIT" refers to Earnings Before Interest and Taxes. While fixed charges may include other items, it is primarily a measure of interest on long-term debt.

1 **Q. HOW DID YOU USE THOSE MEASURES IN ASSESSING MR. O'DONNELL'S**
2 **RECOMMENDATIONS?**

3 A. I first calculated the *pro forma* ratios based on Mr. O'Donnell's ROE and capital
4 structure recommendations, together with certain elements of Exhibit C-2 to the
5 Company's Application dated June 12, 2012. Table 1 below (*see* also Rebuttal Exhibit
6 No.__(RBH-12)), summarizes the results of those calculations.

7 **Table 1: *Pro Forma* Coverage Ratios**

RATIO	<i>PRO FORMA</i> RESULT
EBIT/Interest	2.96
EBITDA/Interest	4.61
CFO/Debt	17.69%
(CFO+ Interest)/Interest	3.96

8
9 To put those results in context, I compared the *pro forma* EBIT and EBITDA
10 coverage ratios to those of each of Mr. O'Donnell's proxy companies, as reported by
11 S&P Capital IQ. The intent of that analysis was to understand whether Mr. O'Donnell's
12 recommendations are likely to enhance the Company's financial metrics relative to its
13 peers (as defined by Mr. O'Donnell's proxy group).

14 **Q. WHAT DID THAT ANALYSIS REVEAL?**

15 A. For both measures (that is, EBIT/Interest, and EBITDA/Interest), Mr. O'Donnell's
16 recommendations would place the Company in approximately the bottom quartile of his
17 proxy companies. That is, rather than improving the Company's relative position, Mr.
18 O'Donnell's capital structure and ROE recommendations would put SCE&G toward the
19 bottom of his proxy group.

1 **Q. WHAT WOULD BE THE IMPLICATIONS OF SUCH LOW METRICS?**

2 A. Since investors view the safety of potential investments, at least in part, by reference to
3 measures of fixed charge coverage, persistently low coverage ratios would reflect an
4 element of risk that may require correspondingly higher returns. That is, Mr.
5 O'Donnell's proposals would put the Company in the position of having to compete for
6 capital against companies with considerably better measures of financial solvency. Given
7 SCE&G's continuing need to access external capital, such a result would be counter-
8 productive.

9 **Q. TURNING NOW TO THE MOODY'S COVERAGE RATIOS, ON WHAT BASIS**
10 **DID YOU ASSESS THE *PRO FORMA* CASH FLOW-RELATED COVERAGE**
11 **RATIOS IMPLIED BY MR. O'DONNELL'S RECOMMENDATIONS?**

12 A. Because Moody's reports the ratios for a multi-year period, I was able to compare the *pro*
13 *forma* ratios both over time and across companies. Over time, the Company's ratios
14 improved substantially in 2010 relative to 2009, but deteriorated somewhat in 2011. Mr.
15 O'Donnell's recommendations produce *pro forma* that either maintain the comparatively
16 low 2011 results (in the case of CFO/debt), or reduce them further (in the case of
17 CFO/Interest). Moreover, the *pro forma* results are considerably below ratios reported by
18 Moody's for several peer companies in the same ratings category as SCE&G.⁶⁰

⁶⁰ See Moody's Investors Service, *South Carolina Electric & Gas Company*, October 26, 2011, at 11.

Table 2: Pro Forma Moody's Coverage Ratios

	2008	2009	2010	2011	<i>PRO FORMA</i>
CFO/Debt	14.16%	11.76%	22.95%	17.49%	17.69%
CFO/Interest	3.69	3.05	5.01	4.20	3.96

Here again, Mr. O'Donnell's recommendation does not support the Company's credit profile. Instead, it puts additional pressure on important credit metrics.

Q. PLEASE NOW EXPLAIN YOUR CONCERN WITH MR. O'DONNELL'S RECOMMENDATIONS RELATIVE TO THE FINANCIAL COMMUNITY'S VIEW OF SOUTH CAROLINA REGULATION.

A. As mentioned elsewhere in my Rebuttal Testimony, there is no disagreement that South Carolina is considered to be a credit-supportive jurisdiction. Moody's considers the regulatory structure to be so important that 50.00 percent of the factors that weigh in a ratings determination are related to the nature of regulation.⁶¹ Among the factors considered by Moody's in assessing the regulatory framework are the predictability and consistency of regulatory actions:

As the revenues set by the regulator are a primary component of a utility's cash flow, the utility's ability to obtain predictable and supportive treatment within its regulatory framework is one of the most significant factors in assessing a utility's credit quality. The regulatory framework generally provides more certainty around a utility's cash flow and typically allows the company to operate with significantly less cushion in its cash flow metrics than comparably rated companies in other industrial sectors.

In situations where the regulatory framework is less supportive, or is

⁶¹ *Ibid.*, at 14.

1 more contentious, a utility's credit quality can deteriorate rapidly.⁶²

2 As noted earlier in my Rebuttal Testimony, the most recent rate decisions issued
3 by the Commission for electric utilities included ROEs of 10.70 percent and 10.50
4 percent in 2010 and 2012, respectively. In both cases, the Commission authorized
5 common equity ratios of approximately 53.00 percent.⁶³ Mr. O'Donnell now requests the
6 Commission to reduce the ROE by at least 100 basis points, and the equity ratio by nearly
7 800 basis points. If the Commission were to adopt those recommendations, it would
8 represent a substantial departure from recent orders, and insert a considerable degree of
9 uncertainty regarding the Company's cash flows. In light of Moody's focus on
10 "predictable and supportive treatment," I strongly disagree with Mr. O'Donnell that his
11 recommendation somehow could help avoid a future ratings downgrade. Rather, it is my
12 view that Mr. O'Donnell's unreasonably low ROE and equity ratio would serve to put
13 immediate and substantial downward pressure on important credit metrics, thereby
14 increasing the potential for a rating downgrade. Such a dramatic change by the
15 Commission from previous decisions would create an immediate and lasting concern for
16 investors of the reasonableness of the regulation in South Carolina.

⁶² Moody's Investors Service, *Regulatory Frameworks – Ratings and Credit Quality for Investor-Owned Utilities*, June 18, 2010, at 2.

⁶³ See Public Service Commission of South Carolina, Docket No. 2009-489-E, Order No. 2010-471, July 15, 2010, at 13, and Public Service Commission of South Carolina, Docket No. 2011-271-E, Order No. 2012-77, February 3, 2012, at 17.

1 **Q. DID MR. O'DONNELL REASONABLY REFLECT THE EFFECT THAT HIS**
2 **PROPOSED CAPITAL STRUCTURE WOULD HAVE ON THE COMPANY'S**
3 **COST OF CAPITAL?**

4 A. I do not believe so. It is well understood that from a financial perspective, there
5 generally are two types of risk: business risk and financial risk. Business risk includes
6 operating, market, regulatory, and competitive uncertainties, while financial risk is the
7 incremental risk to shareholders associated with additional levels of debt. Since debt
8 holders have a senior claim on the subject company's cash flows relative to equity
9 investors, the risk associated with owning equity increases as the degree of debt
10 leverage increases. As a consequence, even if two firms face the same business risks, a
11 company with higher levels of debt in its capital structure is likely to have a higher
12 cost of equity.

13 In the case of Mr. O'Donnell's recommendations, his proposed equity ratio is
14 substantially below the average of the electric utility operating companies held within
15 the proxy group (*see* Rebuttal Exhibit No.____(RBH-11)), and his recommended ROE is
16 well below any reasonable estimate of the Company's Cost of Equity. Even though his
17 9.50 percent recommendation includes an adjustment to reflect (in part) the increased
18 financial risk associated with his capital structure recommendation, neither Mr.
19 O'Donnell's unadjusted 9.25 percent ROE estimate nor his 25 basis point adjustment are
20 reasonable estimates of the Company's Cost of Equity. That is especially the case given
21 the rather substantial difference between Mr. O'Donnell's recommended equity ratio and
22 his proxy group (utility operating company) average equity ratio.

1 **Q. IS THERE SUPPORT FOR THE PROPOSITION THAT CAPITAL STRUCTURE**
2 **IS A KEY CONSIDERATION IN ESTABLISHING AN APPROPRIATE ROE?**

3 A. Yes. The United States Supreme Court and various utility commissions have long
4 recognized the role of capital structure in the development of a just and reasonable rate of
5 return for a regulated utility. In particular, a utility's leverage, or debt ratio, has been
6 explicitly recognized as an important element in determining a just and reasonable rate of
7 return:

8 Although the determination of whether bonds or stocks should be
9 issued is for management, the matter of debt ratio is not exclusively
10 within its province. Debt ratio substantially affects the manner and
11 cost of obtaining new capital. It is therefore an important factor in the
12 rate of return and must necessarily be considered by and come within
13 the authority of the body charged by law with the duty of fixing a just
14 and reasonable rate of return.⁶⁴

15 The ultimate authority for balancing the issues of cost and financial integrity is found in
16 the Supreme Court's statement in *Hope*:

17 The rate-making process under the Act, i.e., the fixing of 'just and
18 reasonable' rates, involves a balancing of the investor and the
19 consumer interests. 320 U.S. at 603, 64 S. Ct. at 288. The equity
20 investor's stake is made less secure as the company's debt rises, but
21 the consumer rate-payer's burden is alleviated.⁶⁵

22 Consequently, the principles of fairness and reasonableness with respect to the allowed
23 ROE and capital structure are considered at both the federal and state levels.

⁶⁴ *New England Telephone & Telegraph Co. v. State*, 98 N.H. 211, 220, 97 AM213, 220 (1953), citing *New England Tel. & Tel. Co. v. Department of Pub. Util.*, (Mass.) 327 Mass. 81, 97 N.E. 2d 509, 514; *Petitions of New England Tel. & Tel. Co.* 116 Vt. 480, 80 A2d 671.

⁶⁵ *Communications Satellite Corp. v. FCC*, 198 US. App. D.C. 60, 63-64611 F 2d 883.

1 **Q. HAVE YOU CONDUCTED ANY ANALYSES TO DETERMINE THE EFFECT**
2 **OF THE COMPANY’S EQUITY RATIO ON THE COMPANY’S REQUIRED**
3 **ROE?**

4 A. Yes, I have. In order to calculate that effect, I estimated the adjustment required for both
5 the CAPM and DCF analyses to account for 5.00 percent changes in the equity ratio both
6 above and below the proxy group average equity ratio of 51.50 percent. I based my
7 adjustment to the CAPM results on the Hamada Equation,⁶⁶ which adjusts the average
8 Beta for the level of leverage held by the underlying companies on which that
9 measurement is made. In this case, the proxy group average equity ratio of 51.50 percent
10 and the average Beta coefficient of 0.70 translate to an unlevered (or “asset”) Beta of
11 0.43, when the tax effect of the debt portion of the capital structure is removed from the
12 calculation. The unlevered Beta coefficient can then be re-levered to approximate the
13 additional risk assumed by decreasing the equity ratio to any level specified.

14 I performed a similar adjustment to the DCF analysis based on the Modigliani-
15 Miller Approach,⁶⁷ using the proxy group average equity and debt ratios and an assumed
16 effective tax rate of 35.00 percent. I then adjusted the unlevered ROE to approximate the
17 added risk assumed by changing the equity ratio in 5.00 percent increments.

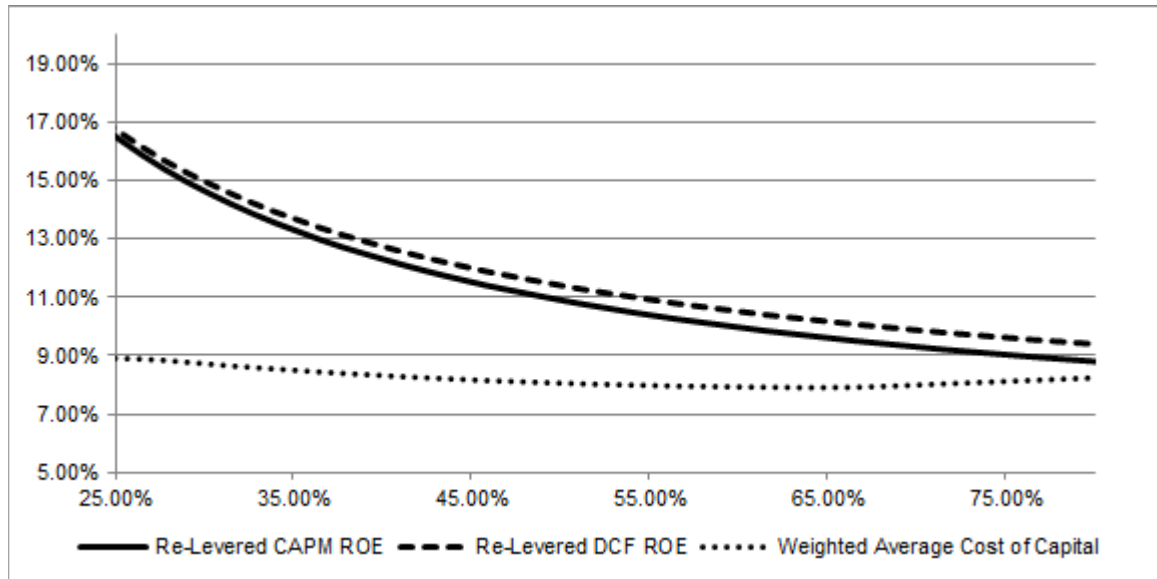
18 As shown in Chart 1 (below) and Rebuttal Exhibit No.__(RBH-13), based on the
19 CAPM and DCF analyses, an equity ratio of 45.14 percent indicates a required ROE of
20 approximately 11.51 percent to 11.98 percent. Moreover, as shown in Chart 1 (below),
21 based on several factors, including currently observed credit spreads for utility bonds,

⁶⁶ See Shannon P. Pratt, Robert F. Reilly, and Robert P. Schweihs, Valuing a Business, 4th Ed., at 169.

⁶⁷ See Stephen A. Ross, Randolph Westerfield, and Jeffrey Jaffe, Corporate Finance, 8th Ed., at 426-447.

1 Moody's guidelines for Debt/Total Capital, and the average capital structure of the proxy
2 group, the optimal equity ratio with respect to overall weighted cost of capital is well
3 above the Mr. O'Donnell's recommended 45.14 percent equity ratio.

**Chart 1: Leverage Effect, the Cost of Equity and the
Weighted Average Cost of Capital**



4 **Q. WHAT ARE YOUR CONCLUSIONS REGARDING THE EFFECT OF THE**
5 **COMPANY'S CAPITAL STRUCTURE ON ITS RISK PROFILE RELATIVE TO**
6 **THE PROXY GROUP?**

7 A. The proxy group has been selected to reflect comparable companies in terms of financial,
8 business, and regulatory risks. Therefore, it is appropriate to compare the capital
9 structures of the proxy group companies to that of the subject company in order to assess
10 whether the proposed capital structure is consistent with industry standards for companies
11 with commensurate risk profiles. To the extent the subject company's capital structure
12 differs from industry standards, the difference in financial risk should be considered

1 when estimating its required ROE. In fact, Standard & Poor's characterizes a debt ratio
2 of 54.86 percent as "aggressive."⁶⁸ That degree of financial leverage affects the
3 Company's overall level of risk and, when compared to the proxy group, demonstrates an
4 incremental risk not reflected in Mr. O'Donnell's analytical results or recommendation.

5 ***Double Leverage Adjustment***

6 **Q. WHAT ROLE DOES THE NOTION OF "DOUBLE LEVERAGE" PLAY IN MR.**
7 **O'DONNELL'S CONCLUSIONS REGARDING THE COMPANY'S CAPITAL**
8 **STRUCTURE AND ROE?**

9 A. Mr. O'Donnell suggests that because there is more debt at the parent level than at
10 SCE&G, the subsidiary's equity (that is, SCE&G) includes a mixture of both debt and
11 equity.⁶⁹ As a result, Mr. O'Donnell recommends that the Commission adopt the
12 SCANA Corp. capital structure of 45.14 percent common equity and 54.86 percent long-
13 term debt as of June 30, 2012. Mr. O'Donnell arrives at his conclusion that the parent
14 company (*i.e.*, SCANA Corp.) capital structure is appropriate to use in lieu of the
15 SCE&G capital structure based on his assertions that the SCE&G capital structure has
16 been double leveraged by SCANA Corp.⁷⁰ As discussed below, however, Mr.
17 O'Donnell's conclusions and recommendations are misplaced.

⁶⁸ Standard and Poor's, *Criteria Methodology: Business Risk/Financial Risk Matrix Expanded*, May 27, 2009.

⁶⁹ See Direct Testimony of Kevin W. O'Donnell, at 33.

⁷⁰ *Ibid.*, at 35-36.

1 **Q. WHAT HAS MR. O'DONNELL IMPLICITLY ASSUMED IN DETERMINING**
2 **THAT THE PARENT COMPANY CAPITAL STRUCTURE SHOULD BE USED**
3 **AS THE BASIS FOR SETTING RATES FOR SCE&G?**

4 A. In recommending the parent capital structure, Mr. O'Donnell has assumed that (1) every
5 dollar of external capital raised by the parent company can be specifically traced to an
6 eventual use, and (2) all subsidiaries can and should be financed in the same proportions
7 as the parent. As to the first assumption, Mr. O'Donnell has provided no information as
8 to specifically how individual sources of capital raised at the parent level were invested in
9 the equity of SCE&G, PSNC, or any other SCANA subsidiary. That he did not do so is
10 not surprising; it is a long-held understanding in corporate finance that capital is fungible
11 and cannot be traced to specific uses. In that regard, the Federal Power Commission
12 noted "It is generally impossible to specifically trace the source of funds used for various
13 corporate purposes..."⁷¹ Similarly, the New Hampshire Public Service Commission
14 stated that:

15 We find that sound principles of finance caution against any attempt
16 to 'track' dollars raised by a company to any specific purpose. A
17 firm raises capital in a variety of ways, trying always to achieve an
18 overall balance of sources to minimize its cost of money.⁷²

19 In addition to assuming that dollars can be traced from source to use, by using the
20 consolidated SCANA capital structure, Mr. O'Donnell has assumed that all subsidiaries
21 should be (and in fact are) financed in the same proportions. Clearly, that is not the case.
22 Companies (including subsidiary companies) are financed in light of the specific risks
23 and funding requirements associated with their individual operations. As noted in my

⁷¹ United States Federal Power Commission, Order No. 561, February 2, 1977, at 2.

⁷² New Hampshire Public Utilities Commission, DT 02-110, Order No. 24,625, January 1, 2004.

1 Direct Testimony, the credit implications of the financing, execution and regulatory risks
2 associated with the Company's construction program are substantial.⁷³ As a
3 consequence, it is highly important for the Company to maintain a financial profile that
4 will provide adequate access to both the long and short-term capital markets.

5 **Q. DO YOU AGREE WITH MR. O'DONNELL'S POSITION THAT THE CAPITAL**
6 **STRUCTURE SHOULD BE ADJUSTED TO REFLECT THE PRESUMED**
7 **EFFECT OF DOUBLE LEVERAGE?**

8 A. No, I do not. Mr. O'Donnell's recommendation is inconsistent with the widely accepted
9 practice of utilizing the "stand-alone approach," which treats the utility subsidiary as its
10 own company. Under the stand-alone approach, the cost of capital is determined using
11 the subsidiary's own capital structure and cost of debt and equity; the Cost of Equity is
12 estimated by reference to a proxy group of firms of comparable risk. Importantly, the
13 stand-alone approach recognizes that the return should be based on the relative risk of the
14 investment rather than the source of financing. That is, the Cost of Equity is the risk-
15 adjusted opportunity cost to the investors and not the cost of the specific capital sources
16 being employed by investors.

17 As to the principle that the source of funding and the cost of funds used to finance
18 the investment do not determine the required return, Dr. Roger A. Morin noted that:

19 Carrying the double leverage standard to its logical conclusion leads
20 to even more unreasonable prescriptions. If the common shares of a
21 subsidiary were held by both the parent and by individual investors,
22 the equity contributed by the parent would have one cost under the
23 double leverage computation while the equity contributed by the

⁷³ See Direct Testimony of Robert B. Hevert, at 35-36.

1 public would have another.⁷⁴

2 Just as individual investors require different returns from different
3 assets in managing their personal affairs, why should regulation cause
4 parent companies making investment decisions on behalf of their
5 shareholders to act any differently? A parent company normally
6 invests money in many operating companies of varying sizes and
7 varying risks. These subsidiaries pay different rates for the use of
8 investor capital, such as long-term debt capital, because investors
9 recognize the differences in capital structure, risk, and prospects
10 between the subsidiaries. Yet, the double leverage calculation would
11 assign the same return to each activity, based on the parent's cost of
12 capital. Investors recognize that different subsidiaries are exposed to
13 different risks, as evidenced by the different bond ratings and cost
14 rates of operating subsidiaries. The same argument carries over to
15 common equity. If the cost rate for debt is different because the risk is
16 different, the cost rate for common equity is also different and the
17 double leverage adjustment shouldn't obscure this fact.⁷⁵

18 Two utilities identical in all respects but their ownership format should have the
19 same cost rates, yet this would not be the case under the double leverage adjustment.
20 From the perspective of capital markets, the notion that an asset (in this case, utility
21 company equity) would have a different value depending on how different investors
22 finance their investment would violate the "law of one price," which states that in an
23 efficient market, identical assets would have the same price.

24 **Q. WHAT GUIDELINES HAS THE COMMISSION USED IN AUTHORIZING**
25 **CAPITAL STRUCTURES FOR REGULATED ELECTRIC COMPANIES?**

26 A. The Commission also has looked to the criteria used by rating agencies (Moody's and
27 S&P's) to gauge the appropriateness of a utility's capital structure. Specifically, in the
28 Duke Energy Carolinas, LLC's 2009 rate case, the Commission found that the
29 requested capital structure was in line with guidelines for a utility with Duke's risk

⁷⁴ See Roger H. Morin, Ph.D., New Regulatory Finance, at 523.

⁷⁵ *Ibid.*, at 524.

1 profile and was, therefore, reasonable and supportive of Duke's ability to maintain its
2 current risk rating.⁷⁶ That approach is consistent with points made earlier in my
3 testimony: the assumption that all subsidiaries are financed in the same proportions as the
4 parent is inconsistent with actual financing practice. Consequently, Mr. O'Donnell's
5 ROE and capital structure recommendations are inconsistent with the objective of
6 maintaining (or improving) the Company's credit profile.

⁷⁶ See Public Service Commission of South Carolina, Docket No. 2009-226-E, Order No. 2010-79, January 27, 2010, at 39, 40.

1 **VI. RESPONSE TO THE DIRECT TESTIMONY OF MR. CHRISS AS IT RELATES**
2 **TO THE COMPANY’S COST OF EQUITY**

3 **Q. PLEASE BRIEFLY SUMMARIZE MR. CHRISS’ TESTIMONY AS IT RELATES**
4 **TO THE COMPANY’S RETURN ON EQUITY.**

5 A. As a preliminary matter, I note that Mr. Chriss does not perform any independent,
6 market-based analyses of the Company’s Cost of Equity. Instead, Mr. Chriss expresses
7 his concern with the Company’s 10.95 percent ROE request because, he suggests, it is
8 higher than the returns authorized by other regulatory commissions since the beginning of
9 2012.⁷⁷ In support of his observation, Mr. Chriss reviews data for 28 reported electric
10 utility rate cases (as reported by SNL), which ranged from 9.25 percent to 10.50 percent,
11 with an average of 9.97 percent.⁷⁸ Mr. Chriss points out that those results are below both
12 the Company’s requested 10.95 percent ROE, as well as the 10.75 percent lower bound
13 of the recommended range included in my Direct Testimony.⁷⁹

14 Mr. Chriss also expresses his concern with the Company’s requested ROE in light
15 if its “use of mechanisms outside of base rates for revenue collection that reduce the
16 Company’s exposure to regulatory lag, such as the fuel cost adjustment rate, rider
17 recovery of demand side management costs, and the revenue recovery provisions of the
18 Base Load Recovery Act.”⁸⁰ Despite those observations, Mr. Chriss offers no opinion as
19 to their effect, if any, on the Company’s Cost of Equity.

⁷⁷ See Direct Testimony and Exhibits of Steve W. Chriss, at 6.

⁷⁸ *Ibid.* See also Exhibit SWC-2.

⁷⁹ *Ibid.*, at 7.

⁸⁰ *Ibid.*, at 6.

1 Lastly, Mr. Chriss states that given current economic conditions, “a rate increase
2 is a serious concern for Walmart and its customers” and that the Commission “should
3 consider these impacts thoroughly and carefully in ensuring that any increase in
4 SCE&G’s rates is only the minimum amount necessary to provide adequate and reliable
5 service at the lowest possible cost.”⁸¹

6 **Q. TURNING FIRST TO MR. CHRISS’ DISCUSSION OF AUTHORIZED**
7 **RETURNS, HAVE YOU REVIEWED THE DATA CONTAINED IN EXHIBIT**
8 **SWC-2?**

9 A. Yes, I have. There are several points to be made regarding Mr. Chriss’ review of
10 authorized ROEs. First, while SCE&G is a vertically integrated electric utility (that is,
11 the Company owns and operates generation, transmission and distribution assets), several
12 of the companies contained in Exhibit SWC-2 are transmission and distribution-only
13 utilities. That is, they operate in jurisdictions that have “unbundled” the electric
14 generation function from transmission and distribution and as such, do not own or
15 operating electric generating assets. All else being equal, the construction, ownership
16 and operation of electric generating facilities add an element of risk not faced by
17 transmission and distribution-only utilities. In that regard, SNL (the source Mr. Chriss
18 relied on in developing Exhibit SWC-2) notes the difference between vertically
19 integrated utilities on the one hand, and transmission and distribution-only utilities
20 (referred to as “T&D” or “wires-only” companies) on the other, when reporting

⁸¹ *Ibid.*, at 3.

1 authorized returns.⁸² In fact, of the 28 cases reviewed by Mr. Chriss, six (that is, nearly
2 one-quarter of the total) related to T&D-only utilities.⁸³

3 **Q. ARE THERE OTHER DISTINCTIONS THAT ARE IMPORTANT TO**
4 **CONSIDER WHEN REVIEWING MR. CHRISS' EXHIBIT?**

5 A. Yes, there are. As noted in my Direct Testimony, the Company is facing planned capital
6 expenditures of approximately \$4.00 billion over the 2012 to 2014 period.⁸⁴ As also
7 noted in my Direct Testimony, those investments put a corresponding degree of pressure
8 on the Company's cash flow-based credit metrics and, therefore, its credit rating.⁸⁵ At
9 the same time, the Company's credit rating and outlook depend substantially on the
10 extent to which rating agencies view the regulatory environment credit supportive, or not.
11 As mentioned in my response to Mr. O'Donnell, Moody's finds the regulatory
12 environment to be so important that 50.00 percent of the factors that weigh in the
13 Company's ratings determination are determined by the nature of regulation.⁸⁶ Similarly,
14 Standard & Poor's has noted that:

15 The assessment of regulatory risk is perhaps the most important
16 factor in Standard & Poor's Ratings Services' analysis of a U.S.
17 regulated, investor-owned utility's business risk. Each of the other
18 four factors we examine--markets, operations, competitiveness, and
19 management--can affect the quality of the regulation a utility
20 experiences, but we believe the fundamental regulatory environment
21 in the jurisdictions in which a utility operates often influences credit
22 quality the most.⁸⁷

82 See Regulatory Research Associates, *Regulatory Focus, Major Rate Case Decisions – January- September, 2012*.

83 See Direct Testimony and Exhibits of Steve W. Chriss, Exhibit SWC-2.

84 See Direct Testimony of Robert B. Hevert, at 35, 36.

85 *Ibid.*, at 36.

86 Moody's Investors Service, *South Carolina Electric & Gas Company*, October 26, 2011, at 14.

87 Standard & Poor's, *Utilities: Assessing U.S. Utility Regulatory Environments*, November 15, 2011.

1 Given the Company's need to access external capital, and in light of the weight
2 that both Moody's and S&P place on the nature of the regulatory environment, I believe
3 that it also is important to consider the extent to which the jurisdictions included in Mr.
4 Chriss' exhibit are considered by rating agencies to be comparable to South Carolina.

5 **Q. AS A POINT OF REFERENCE, IS SOUTH CAROLINA VIEWED TO BE A**
6 **CREDIT-SUPPORTIVE REGULATORY ENVIRONMENT?**

7 A. Yes, it is. In its review of SCE&G, Moody's assigns an "A" ranking to the Company's
8 "Regulatory Framework" (25.00 percent of the total rating factors), as well as to its
9 "Ability to Recover Costs and Earn Returns" (also 25.00 percent of the total rating
10 factors).⁸⁸ Similarly, S&P ranks regulatory jurisdictions according to the degree of
11 credit-supportiveness; South Carolina is considered to be "More Credit Supportive,"
12 which is the highest tier to which any jurisdiction is assigned.

13 **Q. HOW DID YOU TAKE THOSE ISSUES INTO CONSIDERATION IN**
14 **REVIEWING EXHIBIT SWC-2?**

15 A. I first replicated Mr. Chriss' exhibit, and ensured that I was able to calculate the same
16 mean and median results. I then referred to Regulatory Research Associates ("RRA")
17 review of the cases included in Mr. Chriss' exhibit to those that relate to T&D
18 companies. Lastly, I applied S&P's rankings (as represented by a numerical score) to the
19 jurisdictions reported in Exhibit SWC-2 (*see* Rebuttal Exhibit No.____(RBH-14)).

⁸⁸ Moody's Investors Service, *South Carolina Electric & Gas Company*, October 26, 2011, at 14.

1 **Q. WHAT DID THAT ANALYSIS REVEAL?**

2 A. The principal observation is that the median ROE for those companies operating in
3 jurisdictions comparable to South Carolina is 10.40 percent; it is not the 10.00 percent
4 figure cited by Mr. Chriss. Consequently, I disagree with Mr. Chriss' conclusion that the
5 median return of 10.00 percent is a reasonable benchmark for the purpose of assessing
6 SCE&G's Cost of Equity.

7 **Q. WHAT IS YOUR RESPONSE TO MR. CHRISS' OBSERVATIONS REGARDING**
8 **SCE&G'S USE OF CERTAIN COST RECOVERY MECHANISMS?**

9 A. As noted in my Direct Testimony, estimating the Cost of Equity is a comparative
10 exercise.⁸⁹ While it may be the case that the Company has certain rate design structures
11 in effect, the relevant analytical issue is whether those structures are so risk mitigating
12 relative to structures in place at the proxy companies that investors would knowing and
13 measurably reduce their return requirements for SCE&G. It is important, therefore, to
14 review the proxy companies' use of cost recovery and revenue stabilization mechanisms.
15 Mr. Chriss, however, has not done so.

16 **Q. HAVE YOU PERFORMED SUCH A REVIEW?**

17 A. Yes, I have. As noted on Rebuttal Exhibit No.__(RBH-15), all of the proxy companies
18 have some form of expense recovery mechanism in place, several have implemented
19 revenue stabilization structures (such as revenue decoupling), and several have adopted
20 infrastructure recovery mechanisms. As to Mr. Chriss' observation regarding the Base
21 Load Review Act, Southern Company is the only other utility (within or beyond the

⁸⁹ See Direct Testimony of Robert B. Hevert at 10, 11.

1 Proxy Group) developing a nuclear power plant and the Georgia Nuclear Energy
2 Financing Act provides for the recovery of those costs.⁹⁰ As such, I disagree with Mr.
3 Chriss' suggestion that SCE&G's use of expense recovery mechanisms warrants a
4 reduction to its ROE.

5 **Q. LASTLY, DO YOU HAVE ANY COMMENTS REGARDING MR. CHRISS'**
6 **CONCERN THAT THE COMPANY'S REQUESTED RATE INCREASE IS**
7 **"EXCESSIVE" IN LIGHT OF THE ECONOMIC CIRCUMSTANCES FACED BY**
8 **ITS CUSTOMERS?**

9 A. Yes. I appreciate that the decision to seek rate relief is difficult. In my experience, those
10 decisions always consider the effect on customers. Just as low rates are important, so is
11 the financial strength of the incumbent utility. The ability to access the capital markets
12 when and as needed provides the ability to invest in the assets needed to maintain system
13 reliability and to enable growth.⁹¹ In that regard, I also appreciate that the Commission
14 must balance those considerations in arriving at its ROE determination.

15 I also note that while Mr. Chriss speaks of customers generally, his testimony is
16 on behalf of Walmart.⁹² Although we cannot find financial information regarding the 29
17 Walmart facilities served by SCE&G,⁹³ we do know that based on its most recent report,
18 Value Line assigns Walmart (NYSE: WMT) a Safety Ranking of 1, and a Financial
19 Strength ranking of A++. By comparison, Value Line assigns SCANA Corporation a

⁹⁰ See Georgia Senate Bill 31 "Georgia Nuclear Energy Financing Act...procedure for changing any rate, charge, classification, or service."

⁹¹ See Direct Testimony of Jimmy E. Addison, at 14.

⁹² Direct Testimony and Exhibits of Steve W. Chriss, at 1. I recognize and appreciate that Walmart is a significant customer of SCE&G and that it provides both employment and services to the citizens of South Carolina.

⁹³ *Ibid.*, at 3.

1 Safety Ranking of 2, and a Financial Strength Ranking of B++. By those measures,
2 therefore, SCANA is considered to be more risky than Walmart. At the same time, Value
3 Line projects Walmart to earn a Return on Common Equity⁹⁴ of 21.50 percent in 2013,
4 and 21.00 percent in the 2015 to 2017 time frame, even considering current and expected
5 economic conditions. Mr. Chriss, however, recommends that the Commission authorize
6 SCE&G, which Value Line considers to be more risky than Walmart, the opportunity to
7 earn less than one-half of the equity return that Walmart is expected to earn.⁹⁵

8 VII. CONCLUSIONS AND RECOMMENDATIONS

9 Q. WHAT ARE YOUR OVERALL CONCLUSIONS AND RECOMMENDATIONS?

10 A. My updated analytical results are provided in Rebuttal Exhibit No.__(RBH-1) through
11 Rebuttal Exhibit No.__(RBH-5). Based on the analyses discussed throughout my
12 Rebuttal Testimony and my updated analytical results, I conclude that the reasonable
13 range of ROE estimates is from 10.75 percent to 11.50 percent and within that range, I
14 continue to believe that 11.25 percent is a reasonable and appropriate estimate of the
15 Company's Cost of Equity, and the Company's requested 10.95 percent Cost of Equity is
16 within the range of reasonableness.

17 Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

18 A. Yes, it does.

⁹⁴ Please note that Value Line refers to Return on Common Equity as the "Return on Shareholder's Equity."

⁹⁵ For the 2011 fiscal year, the Company's electric operations represented approximately 75.00 percent of SCANA's consolidated operating income. See SCANA Corporation SEC Form 10-K for the Fiscal Year ended December 31, 2011, at 88.

Constant Growth Discounted Cash Flow Model
30 Day Average Stock Price

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
		Annualized Dividend	Average Stock Price	Dividend Yield	Expected Dividend Yield	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	Average Earnings Growth	Low ROE	Mean ROE	High ROE
American Electric Power Company, Inc.	AEP	\$1.88	\$44.29	4.24%	4.31%	3.48%	3.36%	3.00%	3.28%	7.31%	7.59%	7.80%
Cleco Corp.	CNL	\$1.35	\$41.91	3.22%	3.29%	3.00%	3.00%	6.50%	4.17%	6.27%	7.45%	9.83%
Empire District Electric	EDE	\$1.00	\$21.61	4.63%	4.81%	N/A	10.20%	6.00%	8.10%	10.77%	12.91%	15.06%
Great Plains Energy Inc.	GXP	\$0.85	\$22.42	3.79%	3.94%	8.17%	10.50%	5.50%	8.06%	9.40%	12.00%	14.49%
IDACORP, Inc.	IDA	\$1.52	\$43.78	3.47%	3.53%	4.00%	4.00%	2.00%	3.33%	5.51%	6.86%	7.54%
Otter Tail Corporation	OTTR	\$1.19	\$23.92	4.98%	5.26%	5.00%	5.00%	24.00%	11.33%	10.10%	16.59%	29.57%
Pinnacle West Capital Corp.	PNW	\$2.18	\$53.02	4.11%	4.23%	6.52%	5.87%	5.00%	5.80%	9.21%	10.03%	10.77%
PNM Resources, Inc.	PNM	\$0.58	\$21.41	2.71%	2.86%	9.30%	8.53%	16.00%	11.28%	11.35%	14.14%	18.93%
Portland General Electric Company	POR	\$1.08	\$27.40	3.94%	4.03%	4.10%	3.62%	5.50%	4.41%	7.63%	8.43%	9.55%
Southern Company	SO	\$1.96	\$45.95	4.27%	4.38%	5.22%	5.22%	5.00%	5.15%	9.37%	9.52%	9.60%
Westar Energy, Inc.	WR	\$1.32	\$29.63	4.45%	4.58%	5.67%	4.80%	6.50%	5.66%	9.36%	10.24%	11.10%
PROXY GROUP MEAN				3.98%	4.11%	5.45%	5.83%	7.73%	6.41%	8.75%	10.53%	13.11%
PROXY GROUP MEDIAN				4.11%	4.23%	5.11%	5.00%	5.50%	5.66%	9.36%	10.03%	10.77%

Notes:

[1] Source: Bloomberg Professional

[2] Source: Bloomberg Professional, equals 30-trading day average as of October 31, 2012

[3] Equals [1] / [2]

[4] Equals [3] x (1 + 0.5 x [8])

[5] Source: Zacks

[6] Source: Yahoo! Finance

[7] Source: Value Line

[8] Equals Average([5], [6], [7])

[9] Equals [3] x (1 + 0.5 x Minimum([5], [6], [7])) + Minimum([5], [6], [7])

[10] Equals [4] + [8]

[11] Equals [3] x (1 + 0.5 x Maximum([5], [6], [7])) + Maximum([5], [6], [7])

Constant Growth Discounted Cash Flow Model
90 Day Average Stock Price

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
		Annualized Dividend	Average Stock Price	Dividend Yield	Expected Dividend Yield	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	Average Earnings Growth	Low ROE	Mean ROE	High ROE
American Electric Power Company, Inc.	AEP	\$1.88	\$42.87	4.39%	4.46%	3.48%	3.36%	3.00%	3.28%	7.45%	7.74%	7.94%
Cleco Corp.	CNL	\$1.35	\$42.21	3.20%	3.26%	3.00%	3.00%	6.50%	4.17%	6.25%	7.43%	9.80%
Empire District Electric	EDE	\$1.00	\$21.45	4.66%	4.85%	N/A	10.20%	6.00%	8.10%	10.80%	12.95%	15.10%
Great Plains Energy Inc.	GXP	\$0.85	\$22.03	3.86%	4.01%	8.17%	10.50%	5.50%	8.06%	9.46%	12.07%	14.56%
IDACORP, Inc.	IDA	\$1.52	\$42.79	3.55%	3.61%	4.00%	4.00%	2.00%	3.33%	5.59%	6.94%	7.62%
Otter Tail Corporation	OTTR	\$1.19	\$23.42	5.08%	5.37%	5.00%	5.00%	24.00%	11.33%	10.21%	16.70%	29.69%
Pinnacle West Capital Corp.	PNW	\$2.18	\$52.74	4.13%	4.25%	6.52%	5.87%	5.00%	5.80%	9.24%	10.05%	10.79%
PNM Resources, Inc.	PNM	\$0.58	\$20.74	2.80%	2.95%	9.30%	8.53%	16.00%	11.28%	11.45%	14.23%	19.02%
Portland General Electric Company	POR	\$1.08	\$27.22	3.97%	4.06%	4.10%	3.62%	5.50%	4.41%	7.66%	8.46%	9.58%
Southern Company	SO	\$1.96	\$46.39	4.23%	4.33%	5.22%	5.22%	5.00%	5.15%	9.33%	9.48%	9.56%
Westar Energy, Inc.	WR	\$1.32	\$29.84	4.42%	4.55%	5.67%	4.80%	6.50%	5.66%	9.33%	10.21%	11.07%
PROXY GROUP MEAN				4.03%	4.16%	5.45%	5.83%	7.73%	6.41%	8.80%	10.57%	13.16%
PROXY GROUP MEDIAN				4.13%	4.25%	5.11%	5.00%	5.50%	5.66%	9.33%	10.05%	10.79%

Notes:

[1] Source: Bloomberg Professional

[2] Source: Bloomberg Professional, equals 90-trading day average as of October 31, 2012

[3] Equals [1] / [2]

[4] Equals [3] x (1 + 0.5 x [8])

[5] Source: Zacks

[6] Source: Yahoo! Finance

[7] Source: Value Line

[8] Equals Average([5], [6], [7])

[9] Equals [3] x (1 + 0.5 x Minimum([5], [6], [7])) + Minimum([5], [6], [7])

[10] Equals [4] + [8]

[11] Equals [3] x (1 + 0.5 x Maximum([5], [6], [7])) + Maximum([5], [6], [7])

Constant Growth Discounted Cash Flow Model
180 Day Average Stock Price

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
		Annualized Dividend	Average Stock Price	Dividend Yield	Expected Dividend Yield	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	Average Earnings Growth	Low ROE	Mean ROE	High ROE
American Electric Power Company, Inc.	AEP	\$1.88	\$40.69	4.62%	4.70%	3.48%	3.36%	3.00%	3.28%	7.69%	7.98%	8.18%
Cleco Corp.	CNL	\$1.35	\$41.05	3.29%	3.36%	3.00%	3.00%	6.50%	4.17%	6.34%	7.52%	9.90%
Empire District Electric	EDE	\$1.00	\$20.89	4.79%	4.98%	N/A	10.20%	6.00%	8.10%	10.93%	13.08%	15.23%
Great Plains Energy Inc.	GXP	\$0.85	\$21.09	4.03%	4.19%	8.17%	10.50%	5.50%	8.06%	9.64%	12.25%	14.74%
IDACORP, Inc.	IDA	\$1.52	\$41.50	3.66%	3.72%	4.00%	4.00%	2.00%	3.33%	5.70%	7.06%	7.74%
Otter Tail Corporation	OTTR	\$1.19	\$22.55	5.28%	5.58%	5.00%	5.00%	24.00%	11.33%	10.41%	16.91%	29.91%
Pinnacle West Capital Corp.	PNW	\$2.18	\$50.47	4.32%	4.44%	6.52%	5.87%	5.00%	5.80%	9.43%	10.24%	10.98%
PNM Resources, Inc.	PNM	\$0.58	\$19.57	2.96%	3.13%	9.30%	8.53%	16.00%	11.28%	11.62%	14.41%	19.20%
Portland General Electric Company	POR	\$1.08	\$26.18	4.13%	4.22%	4.10%	3.62%	5.50%	4.41%	7.82%	8.62%	9.74%
Southern Company	SO	\$1.96	\$45.88	4.27%	4.38%	5.22%	5.22%	5.00%	5.15%	9.38%	9.53%	9.60%
Westar Energy, Inc.	WR	\$1.32	\$29.00	4.55%	4.68%	5.67%	4.80%	6.50%	5.66%	9.46%	10.34%	11.20%
PROXY GROUP MEAN				4.17%	4.31%	5.45%	5.83%	7.73%	6.41%	8.95%	10.72%	13.31%
PROXY GROUP MEDIAN				4.27%	4.38%	5.11%	5.00%	5.50%	5.66%	9.43%	10.24%	10.98%

Notes:

[1] Source: Bloomberg Professional

[2] Source: Bloomberg Professional, equals 180-trading day average as of October 31, 2012

[3] Equals [1] / [2]

[4] Equals [3] x (1 + 0.5 x [8])

[5] Source: Zacks

[6] Source: Yahoo! Finance

[7] Source: Value Line

[8] Equals Average([5], [6], [7])

[9] Equals [3] x (1 + 0.5 x Minimum([5], [6], [7])) + Minimum([5], [6], [7])

[10] Equals [4] + [8]

[11] Equals [3] x (1 + 0.5 x Maximum([5], [6], [7])) + Maximum([5], [6], [7])

Sharpe Ratio Derived *Ex-Ante* Market Risk Premium

[1]	[2]	[3]	[4]	[5]
RP _h	Vol _h	VOL _e	Historical Sharpe Ratio	RP _e
6.60%	20.30%	22.02%	32.52%	7.16%

	[6]	[7]	[8]	[9]
		Mar 13 VIX	Apr 13 VIX	May 13 VIX
Date	VXV	Futures	Futures	Futures
10/31/2012	19.31	21.95	22.85	23.50
10/26/2012	19.02	21.70	22.55	23.10
10/25/2012	19.11	21.70	22.55	23.15
10/24/2012	19.27	21.80	22.70	23.35
10/23/2012	19.45	22.05	22.95	23.60
10/22/2012	17.87	21.60	22.60	23.30
10/19/2012	18.12	21.80	22.85	23.55
10/18/2012	16.58	21.30	22.40	23.05
10/17/2012	16.61	21.25	22.25	22.90
10/16/2012	16.97	21.40	22.55	23.15
10/15/2012	17.11	21.75	22.85	23.35
10/12/2012	17.74	22.00	22.90	23.60
10/11/2012	17.57	22.20	23.30	23.95
10/10/2012	18.13	22.55	23.80	24.40
10/9/2012	18.01	22.55	23.70	24.30
10/8/2012	17.36	22.30	23.55	24.20
10/5/2012	16.93	22.40	23.55	24.20
10/4/2012	17.06	22.45	23.65	24.35
10/3/2012	17.58	22.95	24.15	24.80
10/2/2012	17.74	23.25	24.35	24.95
10/1/2012	17.92	23.45	24.50	25.15
9/28/2012	17.61	23.35	24.50	25.15
9/27/2012	17.07	23.25	24.40	25.00
9/26/2012	18.50	23.75	24.95	25.60
9/25/2012	17.60	23.65	24.85	25.50
9/24/2012	16.59	23.40	24.60	25.15
9/21/2012	16.79	23.70	24.75	25.25
9/20/2012	16.75	23.50	24.60	25.20
9/19/2012	16.49	23.60	24.55	25.25
9/18/2012	16.63	23.90	24.75	25.40
Average:	22.02			

Notes:

[1] Source: Morningstar, Inc.

RP_h = historical arithmetic average Risk Premium

[2] Source: Morningstar, Inc.

Vol_h = historical market volatility

[3] Vol_e = expected market volatility (average of Cols. [6] to [9])

[4] Equals [1] / [2]

[5] Equals [3] x [4]

[6] Source: Bloomberg Professional

[7] Source: Bloomberg Professional

[8] Source: Bloomberg Professional

[9] Source: Bloomberg Professional

Ex-Ante Market Risk Premium
Market DCF Method Based - Bloomberg

[1]	[2]	[3]
S&P 500 Est. Required Market Return	Current 30-Year Treasury (30-day average)	Implied Market Risk Premium
12.98%	2.90%	10.08%

		[4]	[5]	[6]	[7]	[8]	[9]
Company	Ticker	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
AGILENT TECHNOLOGIES INC	A	12,763.47	0.10%	0.76%	10.52%	11.32%	0.0110%
ALCOA INC	AA	9,306.00	0.07%	1.38%	10.00%	11.44%	0.0081%
APPLE INC	AAPL	564,838.50	4.30%	1.82%	21.27%	23.28%	1.0019%
AMERISOURCEBERGEN CORP	ABC	10,304.53	0.08%	1.40%	12.00%	13.49%	0.0106%
ABBOTT LABORATORIES	ABT	103,058.14	0.79%	3.10%	10.04%	13.30%	0.1044%
ACE LTD	ACE	26,875.44	0.20%	2.38%	9.65%	12.15%	0.0249%
ACCENTURE PLC-CL A	ACN	47,389.38	0.36%	2.31%	12.50%	14.96%	0.0540%
ADOBE SYSTEMS INC	ADBE	17,079.38	0.13%	0.00%	11.40%	11.40%	0.0148%
ANALOG DEVICES INC	ADI	11,971.17	0.09%	2.88%	12.33%	15.39%	0.0140%
ARCHER-DANIELS-MIDLAND CO	ADM	17,908.04	0.14%	2.52%	10.00%	12.64%	0.0172%
AUTOMATIC DATA PROCESSING	ADP	28,653.62	0.22%	2.75%	9.67%	12.55%	0.0274%
AUTODESK INC	ADSK	7,278.95	0.06%	0.00%	16.20%	16.20%	0.0090%
ADT CORP/THE	ADT	9,500.16	N/A	0.00%	N/A	N/A	N/A
AMEREN CORPORATION	AEE	7,982.68	0.06%	4.88%	-4.00%	0.78%	0.0005%
AMERICAN ELECTRIC POWER	AEP	21,564.47	0.16%	4.24%	4.33%	8.67%	0.0142%
AES CORP	AES	8,003.56	0.06%	0.72%	8.50%	9.25%	0.0056%
AETNA INC	AET	14,714.66	0.11%	1.56%	10.50%	12.14%	0.0136%
AFLAC INC	AFL	23,801.80	0.18%	2.62%	14.77%	17.58%	0.0319%
ALLERGAN INC	AGN	27,586.73	0.21%	0.22%	13.61%	13.85%	0.0291%
AMERICAN INTERNATIONAL GROUP	AIG	52,304.84	0.40%	0.00%	12.33%	12.33%	0.0491%
APARTMENT INVT & MGMT CO -A	AIV	3,912.23	0.03%	2.86%	9.44%	12.43%	0.0037%
ASSURANT INC	AIZ	3,014.53	0.02%	2.11%	11.00%	13.23%	0.0030%
AKAMAI TECHNOLOGIES INC	AKAM	6,787.29	0.05%	0.00%	14.50%	14.50%	0.0075%
ALLSTATE CORP	ALL	16,661.97	0.13%	2.21%	9.00%	11.31%	0.0144%
ALTERA CORP	ALTR	10,078.80	0.08%	1.15%	7.75%	8.94%	0.0069%
ALEXION PHARMACEUTICALS INC	ALXN	18,025.81	0.14%	0.00%	40.23%	40.23%	0.0552%
APPLIED MATERIALS INC	AMAT	13,364.95	0.10%	3.10%	8.67%	11.90%	0.0121%
ADVANCED MICRO DEVICES	AMD	1,457.56	0.01%	0.00%	4.50%	4.50%	0.0005%
AMGEN INC	AMGN	66,961.92	0.51%	1.58%	9.34%	10.99%	0.0561%
AMERIPRISE FINANCIAL INC	AMP	12,261.49	0.09%	2.38%	10.55%	13.06%	0.0122%
AMERICAN TOWER CORP	AMT	29,675.19	0.23%	1.19%	17.74%	19.04%	0.0430%
AMAZON.COM INC	AMZN	105,186.03	0.80%	0.00%	32.26%	32.26%	0.2585%
AUTONATION INC	AN	5,402.62	0.04%	0.00%	20.48%	20.48%	0.0084%
ABERCROMBIE & FITCH CO-CL A	ANF	2,730.68	0.02%	2.14%	18.50%	20.83%	0.0043%
AON PLC	AON	17,325.95	0.13%	1.15%	8.33%	9.53%	0.0126%
APACHE CORP	APA	32,251.79	0.25%	0.83%	7.85%	8.71%	0.0214%
ANADARKO PETROLEUM CORP	APC	34,953.16	0.27%	0.52%	7.60%	8.14%	0.0217%
AIR PRODUCTS & CHEMICALS INC	APD	16,722.69	0.13%	3.30%	10.69%	14.17%	0.0181%
AMPHENOL CORP-CL A	APH	9,820.21	0.07%	0.62%	18.50%	19.18%	0.0144%
APOLLO GROUP INC-CL A	APOL	2,328.72	0.02%	0.00%	9.80%	9.80%	0.0017%
AIRGAS INC	ARG	6,943.04	0.05%	1.63%	12.46%	14.19%	0.0075%
ALLEGHENY TECHNOLOGIES INC	ATI	2,954.43	0.02%	2.61%	15.00%	17.81%	0.0040%
AVALONBAY COMMUNITIES INC	AVB	13,201.05	0.10%	2.85%	10.14%	13.14%	0.0132%
AVON PRODUCTS INC	AVP	6,761.87	0.05%	5.78%	-0.06%	5.72%	0.0029%
AVERY DENNISON CORP	AVY	3,323.95	0.03%	3.28%	7.00%	10.40%	0.0026%
AMERICAN EXPRESS CO	AXP	63,764.16	0.49%	1.39%	9.68%	11.13%	0.0541%
AUTOZONE INC	AZO	13,900.45	0.11%	0.00%	16.65%	16.65%	0.0176%
BOEING CO/THE	BA	53,614.86	0.41%	2.47%	11.17%	13.78%	0.0563%
BANK OF AMERICA CORP	BAC	102,168.48	0.78%	0.42%	13.45%	13.90%	0.1082%
BAXTER INTERNATIONAL INC	BAX	34,902.40	0.27%	2.25%	9.00%	11.35%	0.0302%
BED BATH & BEYOND INC	BBBY	13,336.97	0.10%	0.00%	14.70%	14.70%	0.0149%
BB&T CORP	BBT	20,405.61	0.16%	2.69%	6.50%	9.28%	0.0144%
BEST BUY CO INC	BBY	5,124.08	0.04%	3.83%	5.08%	9.01%	0.0035%
CR BARD INC	BCR	8,017.19	0.06%	0.81%	9.20%	10.05%	0.0061%
BECTON DICKINSON AND CO	BDX	15,226.04	0.12%	2.33%	7.40%	9.82%	0.0114%
BEAM INC	BEAM	8,854.38	0.07%	1.46%	12.81%	14.36%	0.0097%
FRANKLIN RESOURCES INC	BEN	27,806.34	0.21%	0.89%	12.67%	13.62%	0.0288%
BROWN-FORMAN CORP-CLASS B	BF/B	13,418.88	0.10%	1.46%	12.50%	14.05%	0.0144%
BAKER HUGHES INC	BHI	18,641.03	0.14%	1.41%	23.00%	24.57%	0.0349%
BIG LOTS INC	BIG	1,763.70	0.01%	0.00%	11.45%	11.45%	0.0015%
BIOGEN IDEC INC	BIIIB	32,983.98	0.25%	0.00%	15.83%	15.83%	0.0398%
BANK OF NEW YORK MELLON CORP	BK	29,180.12	0.22%	2.08%	17.63%	19.89%	0.0442%
BLACKROCK INC	BLK	32,747.04	0.25%	3.17%	12.67%	16.03%	0.0400%
BALL CORP	BLL	6,692.10	0.05%	0.92%	10.00%	10.97%	0.0056%
BMC SOFTWARE INC	BMC	6,355.59	0.05%	0.00%	12.50%	12.50%	0.0061%
BEMIS COMPANY	BMS	3,459.90	0.03%	2.98%	6.00%	9.07%	0.0024%
BRISTOL-MYERS SQUIBB CO	BMJ	55,710.75	0.42%	4.04%	6.65%	10.83%	0.0460%
BROADCOM CORP-CL A	BRCM	17,957.76	0.14%	1.26%	15.00%	16.35%	0.0224%

		[4]	[5]	[6]	[7]	[8]	[9]
Company	Ticker	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
BERKSHIRE HATHAWAY INC-CL B	BRK/B	215,726.22	N/A	0.00%	N/A	N/A	N/A
BOSTON SCIENTIFIC CORP	BSX	7,125.20	0.05%	0.00%	9.57%	9.57%	0.0052%
PEABODY ENERGY CORP	BTU	7,867.51	0.06%	1.16%	12.00%	13.23%	0.0079%
BORGWARNER INC	BWA	7,860.21	0.06%	0.12%	19.55%	19.68%	0.0118%
BOSTON PROPERTIES INC	BXP	16,115.97	0.12%	2.07%	5.78%	7.91%	0.0097%
CITIGROUP INC	C	110,965.80	0.85%	0.11%	10.49%	10.60%	0.0896%
CA INC	CA	10,545.24	0.08%	4.38%	10.00%	14.60%	0.0117%
CONAGRA FOODS INC	CAG	11,455.71	0.09%	3.53%	6.67%	10.31%	0.0090%
CARDINAL HEALTH INC	CAH	14,069.71	0.11%	2.45%	10.50%	13.08%	0.0140%
CAMERON INTERNATIONAL CORP	CAM	12,602.02	0.10%	0.00%	17.00%	17.00%	0.0163%
CATERPILLAR INC	CAT	56,749.45	0.43%	2.23%	11.00%	13.35%	0.0577%
CHUBB CORP	CB	20,098.21	0.15%	2.16%	7.44%	9.68%	0.0148%
COOPER INDUSTRIES PLC	CBE	12,276.39	0.09%	1.61%	14.25%	15.98%	0.0149%
CBRE GROUP INC - A	CBG	5,822.61	0.04%	0.00%	13.33%	13.33%	0.0059%
CBS CORP-CLASS B NON VOTING	CBS	21,141.52	0.16%	1.31%	10.85%	12.23%	0.0197%
COCA-COLA ENTERPRISES	CCE	9,182.70	0.07%	1.98%	6.86%	8.91%	0.0062%
CROWN CASTLE INTL CORP	CCI	19,507.51	0.15%	0.00%	36.90%	36.90%	0.0548%
CARNIVAL CORP	CCL	31,586.47	0.24%	2.59%	15.00%	17.78%	0.0428%
CELGENE CORP	CELG	31,647.91	0.24%	0.00%	23.73%	23.73%	0.0572%
CERNER CORP	CERN	13,146.96	0.10%	0.00%	19.00%	19.00%	0.0190%
CF INDUSTRIES HOLDINGS INC	CF	13,011.51	0.10%	0.77%	12.00%	12.82%	0.0127%
CAREFUSION CORP	CFN	5,938.48	0.05%	0.00%	9.84%	9.84%	0.0045%
CHESAPEAKE ENERGY CORP	CHK	13,501.08	0.10%	1.31%	7.23%	8.58%	0.0088%
C.H. ROBINSON WORLDWIDE INC	CHRW	9,858.02	0.08%	2.18%	14.80%	17.14%	0.0129%
CIGNA CORP	CI	15,110.25	0.12%	0.06%	10.69%	10.76%	0.0124%
CINCINNATI FINANCIAL CORP	CINF	6,483.04	0.05%	4.06%	5.00%	9.16%	0.0045%
COLGATE-PALMOLIVE CO	CL	50,059.44	0.38%	2.31%	8.66%	11.07%	0.0422%
CLIFFS NATURAL RESOURCES INC	CLF	5,342.18	0.04%	5.91%	11.00%	17.24%	0.0070%
CLOROX COMPANY	CLX	9,441.05	0.07%	3.60%	8.42%	12.17%	0.0088%
COMERICA INC	CMA	5,740.78	0.04%	1.85%	6.64%	8.55%	0.0037%
COMCAST CORP-CLASS A	CMCSA	99,695.55	0.76%	1.65%	14.34%	16.11%	0.1224%
CME GROUP INC	CME	18,656.18	0.14%	4.31%	14.73%	19.36%	0.0275%
CHIPOTLE MEXICAN GRILL INC	CMG	8,172.28	0.06%	0.00%	20.83%	20.83%	0.0130%
CUMMINS INC	CMI	18,470.61	0.14%	1.83%	12.25%	14.19%	0.0200%
CMS ENERGY CORP	CMS	6,423.23	0.05%	3.93%	6.00%	10.05%	0.0049%
CENTERPOINT ENERGY INC	CNP	9,270.01	0.07%	3.73%	5.67%	9.50%	0.0067%
CONSOL ENERGY INC	CNX	8,325.38	0.06%	1.37%	12.00%	13.45%	0.0085%
CAPITAL ONE FINANCIAL CORP	COF	35,511.62	0.27%	0.33%	9.72%	10.06%	0.0272%
CABOT OIL & GAS CORP	COG	10,045.38	N/A	0.18%	N/A	N/A	N/A
COACH INC	COH	16,235.92	0.12%	1.96%	12.71%	14.80%	0.0183%
ROCKWELL COLLINS INC	COL	7,700.35	0.06%	2.27%	8.28%	10.64%	0.0062%
CONOCOPHILLIPS	COP	70,697.23	0.54%	4.57%	-0.49%	4.07%	0.0219%
COSTCO WHOLESALE CORP	COST	42,386.23	0.32%	1.16%	13.27%	14.50%	0.0468%
COVIDIEN PLC	COV	26,717.38	0.20%	1.57%	9.00%	10.64%	0.0217%
CAMPBELL SOUP CO	CPB	11,101.09	0.08%	3.48%	6.25%	9.84%	0.0083%
SALESFORCE.COM INC	CRM	20,243.63	0.15%	0.00%	25.28%	25.28%	0.0390%
COMPUTER SCIENCES CORP	CSC	4,787.98	0.04%	2.59%	8.00%	10.70%	0.0039%
CISCO SYSTEMS INC	CSCO	92,205.77	0.70%	2.79%	9.50%	12.42%	0.0873%
CSX CORP	CSX	21,349.52	0.16%	2.63%	15.00%	17.83%	0.0290%
CINTAS CORP	CTAS	5,319.61	0.04%	1.36%	11.17%	12.60%	0.0051%
CENTURYLINK INC	CTL	23,915.97	0.18%	7.55%	2.56%	10.21%	0.0186%
COGNIZANT TECH SOLUTIONS-A	CTSH	20,003.87	0.15%	0.00%	18.13%	18.13%	0.0276%
CITRIX SYSTEMS INC	CTXS	11,799.38	0.09%	0.00%	15.71%	15.71%	0.0141%
CABLEVISION SYSTEMS-NY GRP-A	CVC	4,654.00	0.04%	3.44%	6.80%	10.36%	0.0037%
COVENTRY HEALTH CARE INC	CVH	5,861.67	0.04%	0.96%	12.00%	13.02%	0.0058%
CVS CAREMARK CORP	CVS	59,248.02	0.45%	1.38%	13.50%	14.97%	0.0676%
CHEVRON CORP	CVX	218,660.89	1.67%	3.15%	-0.92%	2.22%	0.0369%
DOMINION RESOURCES INC/VA	D	30,092.32	0.23%	4.00%	4.85%	8.95%	0.0205%
DU PONT (E.I.) DE NEMOURS	DD	42,194.31	0.32%	3.71%	6.10%	9.92%	0.0319%
DEERE & CO	DE	34,008.45	0.26%	1.99%	13.00%	15.12%	0.0392%
DELL INC	DELL	16,105.79	0.12%	1.72%	7.33%	9.12%	0.0112%
DEAN FOODS CO	DF	3,112.70	0.02%	0.00%	5.75%	5.75%	0.0014%
DISCOVER FINANCIAL SERVICES	DFS	20,746.29	0.16%	1.01%	10.67%	11.73%	0.0185%
QUEST DIAGNOSTICS INC	DGX	9,232.84	0.07%	1.12%	11.63%	12.81%	0.0090%
DR HORTON INC	DHI	6,906.37	0.05%	0.63%	10.00%	10.66%	0.0056%
DANAHER CORP	DHR	36,137.53	0.28%	0.19%	15.00%	15.20%	0.0419%
WALT DISNEY CO/THE	DIS	89,767.56	0.68%	1.19%	11.56%	12.82%	0.0877%
DISCOVERY COMMUNICATIONS-A	DISCA	22,060.38	0.17%	0.00%	21.90%	21.90%	0.0368%
DOLLAR TREE INC	DLTR	9,323.57	0.07%	0.00%	17.10%	17.10%	0.0121%
DUN & BRADSTREET CORP	DNB	3,675.87	0.03%	1.86%	10.00%	11.95%	0.0033%
DENBURY RESOURCES INC	DNR	6,087.02	N/A	0.00%	N/A	N/A	N/A
DIAMOND OFFSHORE DRILLING	DO	9,765.49	0.07%	4.99%	18.00%	23.44%	0.0174%
DOVER CORP	DOV	10,615.35	0.08%	2.24%	14.67%	17.07%	0.0138%
DOW CHEMICAL CO/THE	DOW	35,857.02	0.27%	4.11%	14.33%	18.74%	0.0512%
DR PEPPER SNAPPLE GROUP INC	DPS	8,992.52	0.07%	3.13%	7.41%	10.65%	0.0073%
DARDEN RESTAURANTS INC	DRI	6,823.91	0.05%	3.68%	12.46%	16.36%	0.0085%
DTE ENERGY COMPANY	DTE	10,675.43	0.08%	3.92%	5.00%	9.02%	0.0073%
DIRECTV	DTV	32,309.34	0.25%	0.00%	19.20%	19.20%	0.0472%
DUKE ENERGY CORP	DUK	46,142.94	0.35%	4.46%	4.40%	8.96%	0.0315%

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Company	Ticker	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
DAVITA INC	DVA	10,736.32	0.08%	0.00%	12.33%	12.33%	0.0101%
DEVON ENERGY CORPORATION	DVN	23,626.85	0.18%	1.21%	6.10%	7.34%	0.0132%
ELECTRONIC ARTS INC	EA	4,078.63	0.03%	0.00%	16.55%	16.55%	0.0051%
EBAY INC	EBAY	63,586.44	0.48%	0.00%	14.60%	14.60%	0.0707%
ECOLAB INC	ECL	20,474.29	0.16%	1.14%	14.75%	15.98%	0.0249%
CONSOLIDATED EDISON INC	ED	17,541.33	0.13%	4.04%	3.26%	7.37%	0.0098%
EQUIFAX INC	EFX	6,013.39	0.05%	1.41%	11.00%	12.48%	0.0057%
EDISON INTERNATIONAL	EIX	15,215.38	0.12%	2.79%	0.98%	3.78%	0.0044%
ESTEE LAUDER COMPANIES-CL A	EL	23,700.69	0.18%	1.19%	14.03%	15.31%	0.0276%
EMC CORP/MA	EMC	52,961.30	0.40%	0.00%	14.80%	14.80%	0.0597%
EASTMAN CHEMICAL CO	EMN	9,223.50	0.07%	1.73%	10.33%	12.15%	0.0085%
EMERSON ELECTRIC CO	EMR	36,395.28	0.28%	3.20%	12.00%	15.39%	0.0427%
EOG RESOURCES INC	EOG	31,838.47	0.24%	0.57%	10.64%	11.24%	0.0273%
EQUITY RESIDENTIAL	EQR	17,455.25	0.13%	3.00%	8.28%	11.40%	0.0152%
EQT CORP	EQT	9,177.28	0.07%	1.43%	30.00%	31.65%	0.0221%
EXPRESS SCRIPTS HOLDING CO	ESRX	50,615.12	0.39%	0.00%	16.88%	16.88%	0.0651%
ENSCO PLC-CL A	ESV	13,815.05	0.11%	2.56%	18.00%	20.79%	0.0219%
E*TRADE FINANCIAL CORP	ETFC	2,425.76	0.02%	0.00%	26.00%	26.00%	0.0048%
EATON CORP	ETN	16,437.74	0.13%	3.13%	10.25%	13.54%	0.0170%
ENTERGY CORP	ETR	12,845.01	0.10%	4.59%	3.50%	8.17%	0.0080%
EDWARDS LIFESCIENCES CORP	EW	10,059.00	0.08%	0.00%	17.25%	17.25%	0.0132%
EXELON CORP	EXC	29,977.49	0.23%	5.98%	-1.42%	4.51%	0.0103%
EXPEDITORS INTL WASH INC	EXPD	7,790.07	0.06%	1.50%	9.33%	10.91%	0.0065%
EXPEDIA INC	EXPE	8,026.90	0.06%	0.72%	13.17%	13.94%	0.0085%
FORD MOTOR CO	F	41,953.85	0.32%	1.82%	10.61%	12.52%	0.0400%
FASTENAL CO	FAST	13,313.74	0.10%	1.62%	18.77%	20.54%	0.0208%
FREEPORT-MCMORAN COPPER	FCX	37,950.93	N/A	3.05%	N/A	N/A	N/A
FAMILY DOLLAR STORES	FDO	7,636.22	0.06%	1.36%	14.10%	15.55%	0.0090%
FEDEX CORP	FDX	29,065.90	0.22%	0.60%	10.74%	11.37%	0.0252%
FIRSTENERGY CORP	FE	18,970.30	0.14%	4.85%	1.50%	6.38%	0.0092%
F5 NETWORKS INC	FFIV	6,612.06	0.05%	0.00%	18.00%	18.00%	0.0091%
FIRST HORIZON NATIONAL CORP	FHN	2,318.12	0.02%	0.49%	8.33%	8.84%	0.0016%
FEDERATED INVESTORS INC-CL B	FII	2,395.82	0.02%	8.58%	8.00%	16.93%	0.0031%
FIDELITY NATIONAL INFORMATIO	FIS	9,719.23	0.07%	2.06%	12.86%	15.05%	0.0111%
FISERV INC	FISV	10,067.84	0.08%	0.00%	12.13%	12.13%	0.0093%
FIFTH THIRD BANCORP	FITB	12,941.47	0.10%	2.50%	2.78%	5.31%	0.0052%
FLIR SYSTEMS INC	FLIR	2,971.18	0.02%	1.45%	12.00%	13.54%	0.0031%
FLUOR CORP	FLR	9,525.55	0.07%	1.08%	13.43%	14.58%	0.0106%
FLOWERVE CORP	FLS	6,840.84	0.05%	1.05%	11.00%	12.10%	0.0063%
FMC CORP	FMC	7,453.63	0.06%	0.71%	11.38%	12.14%	0.0069%
FOSSIL INC	FOSL	5,654.01	0.04%	0.00%	18.23%	18.23%	0.0079%
FOREST LABORATORIES INC	FRX	9,102.67	0.07%	0.00%	14.16%	14.16%	0.0098%
FIRST SOLAR INC	FSLR	2,130.76	0.02%	0.00%	9.50%	9.50%	0.0015%
FMC TECHNOLOGIES INC	FTI	9,706.51	0.07%	0.00%	15.33%	15.33%	0.0113%
FRONTIER COMMUNICATIONS CORP	FTR	4,688.08	0.04%	8.52%	-10.01%	-1.92%	-0.0007%
AGL RESOURCES INC	GAS	4,748.98	0.04%	4.71%	4.00%	8.81%	0.0032%
GANNETT CO	GCI	3,940.85	0.03%	4.31%	6.00%	10.44%	0.0031%
GENERAL DYNAMICS CORP	GD	24,301.79	0.19%	2.90%	8.00%	11.01%	0.0204%
GENERAL ELECTRIC CO	GE	224,903.38	1.71%	3.21%	10.33%	13.71%	0.2349%
GILEAD SCIENCES INC	GILD	51,234.82	0.39%	0.00%	19.98%	19.98%	0.0780%
GENERAL MILLS INC	GIS	25,912.21	0.20%	3.27%	7.75%	11.14%	0.0220%
CORNING INC	GLW	17,541.98	0.13%	2.65%	12.00%	14.81%	0.0198%
GAMESTOP CORP-CLASS A	GME	2,872.20	0.02%	1.74%	9.27%	11.09%	0.0024%
GENWORTH FINANCIAL INC-CL A	GNW	3,018.61	0.02%	0.00%	5.00%	5.00%	0.0011%
GOOGLE INC-CL A	GOOG	225,325.63	1.72%	0.00%	14.55%	14.55%	0.2498%
GENUINE PARTS CO	GPC	9,707.76	0.07%	3.15%	8.32%	11.60%	0.0086%
GAP INC/THE	GPS	17,121.29	0.13%	1.35%	10.98%	12.41%	0.0162%
GOLDMAN SACHS GROUP INC	GS	61,195.09	0.47%	1.47%	11.03%	12.59%	0.0587%
GOODYEAR TIRE & RUBBER CO	GT	2,834.22	0.02%	0.10%	43.84%	43.97%	0.0095%
WW GRAINGER INC	GWW	14,089.33	0.11%	1.51%	14.35%	15.97%	0.0171%
HALLIBURTON CO	HAL	30,103.89	0.23%	1.12%	20.50%	21.73%	0.0498%
HARMAN INTERNATIONAL	HAR	2,910.23	0.02%	1.15%	20.00%	21.27%	0.0047%
HASBRO INC	HAS	4,710.39	0.04%	3.87%	9.00%	13.04%	0.0047%
HUNTINGTON BANCSHARES INC	HBAN	5,453.72	0.04%	2.51%	5.33%	7.91%	0.0033%
HUDSON CITY BANCORP INC	HCBK	4,545.11	0.03%	3.72%	-3.00%	0.66%	0.0002%
HEALTH CARE REIT INC	HCN	15,360.20	0.12%	5.01%	6.09%	11.24%	0.0132%
HCP INC	HCP	19,755.29	0.15%	4.59%	5.41%	10.12%	0.0152%
HOME DEPOT INC	HD	93,416.16	0.71%	1.95%	15.75%	17.86%	0.1271%
HESS CORP	HES	18,072.84	0.14%	0.77%	3.80%	4.59%	0.0063%
HARTFORD FINANCIAL SVCS GRP	HIG	9,587.92	0.07%	1.85%	9.50%	11.44%	0.0084%
HJ HEINZ CO	HNZ	18,435.83	0.14%	3.58%	7.33%	11.04%	0.0155%
HARLEY-DAVIDSON INC	HOG	10,907.30	0.08%	1.30%	13.00%	14.38%	0.0119%
HONEYWELL INTERNATIONAL INC	HON	48,952.93	0.37%	2.42%	10.50%	13.05%	0.0487%
STARWOOD HOTELS & RESORTS	HOT	10,177.10	0.08%	1.87%	18.15%	20.20%	0.0157%
HELMERICH & PAYNE	HP	5,133.49	N/A	0.58%	N/A	N/A	N/A
HEWLETT-PACKARD CO	HPQ	27,408.29	0.21%	3.54%	3.50%	7.10%	0.0148%
H&R BLOCK INC	HRB	4,904.38	0.04%	4.38%	11.00%	15.62%	0.0058%
HORMEL FOODS CORP	HRL	7,831.19	0.06%	2.01%	8.50%	10.59%	0.0063%
HARRIS CORP	HRS	5,314.64	0.04%	2.91%	4.00%	6.96%	0.0028%

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Company	Ticker	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
HOSPIRA INC	HSP	5,151.51	0.04%	0.00%	1.53%	1.53%	0.0006%
HOST HOTELS & RESORTS INC	HST	10,595.85	0.08%	1.94%	9.97%	12.00%	0.0097%
HERSHEY CO/THE	HSY	15,733.00	0.12%	2.17%	8.10%	10.36%	0.0124%
HUMANA INC	HUM	12,155.92	0.09%	1.36%	9.80%	11.23%	0.0104%
INTL BUSINESS MACHINES CORP	IBM	223,410.25	1.70%	1.65%	9.50%	11.22%	0.1911%
INTERCONTINENTALEXCHANGE INC	ICE	9,528.15	0.07%	0.00%	13.50%	13.50%	0.0098%
INTL FLAVORS & FRAGRANCES	IFF	5,315.50	0.04%	1.97%	3.00%	4.99%	0.0020%
INTL GAME TECHNOLOGY	IGT	3,474.97	0.03%	1.84%	13.00%	14.96%	0.0040%
INTEL CORP	INTC	110,044.24	0.84%	3.93%	9.98%	14.11%	0.1183%
INTUIT INC	INTU	18,053.10	0.14%	1.07%	13.71%	14.86%	0.0204%
INTERNATIONAL PAPER CO	IP	15,879.60	0.12%	3.02%	5.00%	8.10%	0.0098%
INTERPUBLIC GROUP OF COS INC	IPG	4,438.98	0.03%	2.35%	5.00%	7.41%	0.0025%
INGERSOLL-RAND PLC	IR	14,351.77	0.11%	1.34%	11.00%	12.41%	0.0136%
IRON MOUNTAIN INC	IRM	6,046.85	0.05%	3.88%	13.00%	17.13%	0.0079%
INTUITIVE SURGICAL INC	ISRG	21,666.17	0.17%	0.00%	19.14%	19.14%	0.0316%
ILLINOIS TOOL WORKS	ITW	28,738.49	0.22%	2.37%	7.48%	9.93%	0.0217%
INVESCO LTD	IVZ	11,048.63	0.08%	2.74%	12.50%	15.41%	0.0130%
JABIL CIRCUIT INC	JBL	3,607.55	0.03%	1.82%	12.00%	13.93%	0.0038%
JOHNSON CONTROLS INC	JCI	17,843.19	0.14%	2.89%	12.00%	15.06%	0.0205%
J.C. PENNEY CO INC	JCP	5,350.02	0.04%	1.62%	21.77%	23.56%	0.0096%
JDS UNIPHASE CORP	JDSU	2,391.13	N/A	0.00%	N/A	N/A	N/A
JACOBS ENGINEERING GROUP INC	JEC	5,139.05	0.04%	0.00%	13.23%	13.23%	0.0052%
JOHNSON & JOHNSON	JNJ	197,927.98	1.51%	3.26%	6.51%	9.88%	0.1490%
JUNIPER NETWORKS INC	JNPR	8,946.73	0.07%	0.00%	14.00%	14.00%	0.0095%
JOY GLOBAL INC	JOY	6,933.97	0.05%	1.07%	16.80%	17.96%	0.0095%
JPMORGAN CHASE & CO	JPM	161,710.98	1.23%	2.80%	7.25%	10.15%	0.1250%
NORDSTROM INC	JWN	11,472.86	0.09%	1.78%	12.89%	14.78%	0.0129%
KELLOGG CO	K	19,138.84	0.15%	3.25%	7.90%	11.27%	0.0164%
KEYCORP	KEY	7,910.85	0.06%	2.14%	6.58%	8.79%	0.0053%
KIMCO REALTY CORP	KIM	7,915.27	0.06%	3.93%	14.83%	19.04%	0.0115%
KLA-TENCOR CORPORATION	KLAC	8,044.37	0.06%	3.18%	10.00%	13.34%	0.0082%
KIMBERLY-CLARK CORP	KMB	33,210.34	0.25%	3.51%	8.44%	12.09%	0.0306%
KINDER MORGAN INC	KMI	38,933.53	0.30%	4.08%	7.00%	11.22%	0.0333%
CARMAX INC	KMX	7,926.08	0.06%	0.00%	12.79%	12.79%	0.0077%
COCA-COLA CO/THE	KO	167,610.48	1.28%	2.84%	7.49%	10.43%	0.1332%
KROGER CO	KR	13,242.52	0.10%	2.01%	8.91%	11.01%	0.0111%
KRAFT FOODS GROUP INC	KRFT	26,829.44	0.20%	0.00%	6.00%	6.00%	0.0123%
KOHL'S CORP	KSS	12,759.55	0.10%	2.35%	13.00%	15.51%	0.0151%
LOEWS CORP	L	16,763.50	N/A	0.59%	N/A	N/A	N/A
LEGGETT & PLATT INC	LEG	3,842.25	0.03%	4.11%	15.00%	19.42%	0.0057%
LENNAR CORP-A	LEN	6,972.39	0.05%	0.41%	8.00%	8.43%	0.0045%
LABORATORY CRP OF AMER HLDGS	LH	8,035.32	0.06%	0.00%	12.25%	12.25%	0.0075%
LIFE TECHNOLOGIES CORP	LIFE	8,752.49	0.07%	0.00%	8.98%	8.98%	0.0060%
L-3 COMMUNICATIONS HOLDINGS	LLL	7,193.28	0.05%	2.62%	1.67%	4.31%	0.0024%
LINEAR TECHNOLOGY CORP	LLTC	7,574.43	0.06%	3.15%	10.33%	13.65%	0.0079%
ELI LILLY & CO	LLY	57,059.45	0.43%	3.99%	-0.23%	3.75%	0.0163%
LEGG MASON INC	LM	3,473.67	0.03%	1.74%	13.00%	14.85%	0.0039%
LOCKHEED MARTIN CORP	LMT	30,549.89	0.23%	4.41%	7.83%	12.41%	0.0289%
LINCOLN NATIONAL CORP	LNC	7,102.18	0.05%	1.30%	4.10%	5.42%	0.0029%
LORILLARD INC	LO	15,222.78	0.12%	5.21%	9.15%	14.60%	0.0169%
LOWE'S COS INC	LOW	37,444.75	0.29%	1.89%	16.13%	18.17%	0.0518%
LAM RESEARCH CORP	LRCX	6,413.85	0.05%	0.00%	10.00%	10.00%	0.0049%
LSI CORP	LSI	3,902.94	0.03%	0.00%	15.33%	15.33%	0.0046%
LIMITED BRANDS INC	LTD	13,594.69	0.10%	3.96%	12.54%	16.75%	0.0173%
LEUCADIA NATIONAL CORP	LUK	5,569.15	N/A	0.00%	N/A	N/A	N/A
SOUTHWEST AIRLINES CO	LUV	6,568.02	0.05%	0.28%	15.75%	16.05%	0.0080%
LYONDELLBASELL INDU-CL A	LYB	31,180.56	0.24%	2.66%	9.67%	12.45%	0.0296%
MACY'S INC	M	15,947.92	0.12%	2.02%	10.27%	12.39%	0.0151%
MASTERCARD INC-CLASS A	MA	58,767.98	0.45%	0.21%	17.93%	18.16%	0.0813%
MARRIOTT INTERNATIONAL	MAR	11,709.69	0.09%	1.21%	20.22%	21.55%	0.0192%
MASCO CORP	MAS	5,735.03	0.04%	1.87%	10.00%	11.97%	0.0052%
MATTEL INC	MAT	12,675.32	0.10%	3.36%	9.00%	12.51%	0.0121%
MCDONALD'S CORP	MCD	87,340.23	0.67%	3.31%	9.96%	13.43%	0.0894%
MICROCHIP TECHNOLOGY INC	MCHP	6,213.66	N/A	4.40%	N/A	N/A	N/A
MCKESSON CORP	MCK	22,246.75	0.17%	0.87%	14.33%	15.27%	0.0259%
MOODY'S CORP	MCO	10,883.81	0.08%	1.32%	11.00%	12.39%	0.0103%
MONDELEZ INTERNATIONAL INC-A	MDLZ	47,489.61	0.36%	2.33%	7.86%	10.28%	0.0372%
MEDTRONIC INC	MDT	43,049.85	0.33%	2.49%	6.43%	9.00%	0.0295%
METLIFE INC	MET	37,369.97	0.28%	2.46%	10.00%	12.58%	0.0358%
MCGRAW-HILL COMPANIES INC	MHP	15,498.50	0.12%	1.82%	9.50%	11.40%	0.0135%
MEAD JOHNSON NUTRITION CO	MJN	13,108.18	0.10%	1.85%	11.50%	13.46%	0.0134%
MCCORMICK & CO-NON VTG SHRS	MKC	8,163.05	0.06%	1.98%	8.00%	10.06%	0.0063%
MARSH & MCLENNAN COS	MMC	18,687.68	0.14%	2.62%	8.08%	10.80%	0.0154%
3M CO	MMM	61,692.59	0.47%	2.64%	11.50%	14.29%	0.0672%
MONSTER BEVERAGE CORP	MNST	7,866.97	0.06%	0.00%	17.00%	17.00%	0.0102%
ALTRIA GROUP INC	MO	64,945.15	0.49%	5.30%	6.90%	12.39%	0.0613%
MOLEX INC	MOLX	4,296.19	0.03%	3.35%	11.67%	15.21%	0.0050%
MONSANTO CO	MON	46,403.12	0.35%	1.48%	11.23%	12.79%	0.0452%
MOSAIC CO/THE	MOS	22,508.57	0.17%	1.89%	5.14%	7.08%	0.0121%

		[4]	[5]	[6]	[7]	[8]	[9]
Company	Ticker	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
MARATHON PETROLEUM CORP	MPC	18,284.95	0.14%	2.29%	11.00%	13.41%	0.0187%
MERCK & CO. INC.	MRK	140,799.58	1.07%	3.63%	4.79%	8.50%	0.0912%
MARATHON OIL CORP	MRO	21,346.38	0.16%	2.24%	-0.54%	1.69%	0.0028%
MORGAN STANLEY	MS	34,492.36	0.26%	1.19%	11.00%	12.25%	0.0322%
MICROSOFT CORP	MSFT	246,854.84	1.88%	3.04%	10.95%	14.15%	0.2662%
MOTOROLA SOLUTIONS INC	MSI	15,006.77	N/A	1.79%	N/A	N/A	N/A
M & T BANK CORP	MTB	13,267.42	0.10%	2.69%	16.54%	19.45%	0.0197%
MICRON TECHNOLOGY INC	MU	5,850.97	0.04%	0.00%	12.54%	12.54%	0.0056%
MURPHY OIL CORP	MUR	11,560.22	0.09%	6.13%	10.00%	16.43%	0.0145%
MEADWESTVACO CORP	MWV	5,270.24	0.04%	3.32%	10.00%	13.48%	0.0054%
MYLAN INC	MYL	10,526.44	0.08%	0.00%	10.24%	10.24%	0.0082%
NOBLE ENERGY INC	NBL	16,795.83	0.13%	0.93%	7.00%	7.96%	0.0102%
NABORS INDUSTRIES LTD	NBR	3,989.91	0.03%	0.00%	8.00%	8.00%	0.0024%
NASDAQ OMX GROUP/THE	NDAQ	4,040.44	0.03%	1.75%	7.65%	9.46%	0.0029%
NOBLE CORP	NE	9,588.85	0.07%	1.46%	13.00%	14.55%	0.0106%
NEXTERA ENERGY INC	NEE	29,535.55	0.23%	3.42%	5.13%	8.64%	0.0194%
NEWMONT MINING CORP	NEM	26,582.65	0.20%	2.82%	-3.00%	-0.22%	-0.0005%
NETFLIX INC	NFLX	4,288.67	0.03%	0.00%	21.71%	21.71%	0.0071%
NEWFIELD EXPLORATION CO	NFX	3,668.85	0.03%	0.00%	11.50%	11.50%	0.0032%
NISOURCE INC	NI	7,287.89	N/A	3.71%	N/A	N/A	N/A
NIKE INC -CL B	NKE	43,129.52	0.33%	1.61%	12.30%	14.01%	0.0460%
NORTHROP GRUMMAN CORP	NOC	16,967.54	0.13%	3.10%	3.33%	6.48%	0.0084%
NATIONAL OILWELL VARCO INC	NOV	31,423.05	0.24%	0.64%	13.50%	14.18%	0.0340%
NRG ENERGY INC	NRG	4,962.47	0.04%	0.54%	-13.70%	-13.20%	-0.0050%
NORFOLK SOUTHERN CORP	NSC	19,724.26	0.15%	3.08%	15.00%	18.31%	0.0275%
NETAPP INC	NTAP	10,138.30	0.08%	0.00%	14.83%	14.83%	0.0115%
NORTHERN TRUST CORP	NTRS	11,544.82	0.09%	2.50%	4.08%	6.63%	0.0058%
NORTHEAST UTILITIES	NU	12,335.65	0.09%	3.39%	7.64%	11.16%	0.0105%
NUCOR CORP	NUE	13,136.42	0.10%	3.53%	8.50%	12.18%	0.0122%
NVIDIA CORP	NVDA	7,585.49	0.06%	0.00%	14.33%	14.33%	0.0083%
NEWELL RUBBERMAID INC	NWL	6,070.82	0.05%	1.96%	9.13%	11.18%	0.0052%
NEWS CORP-CL A	NWSA	57,987.95	0.44%	0.85%	13.13%	14.04%	0.0620%
NYSE EURONEXT	NYX	6,152.46	0.05%	4.80%	15.60%	20.77%	0.0097%
OWENS-ILLINOIS INC	OI	3,267.56	0.02%	0.00%	8.67%	8.67%	0.0022%
ONEOK INC	OKE	9,659.78	0.07%	2.75%	16.00%	18.96%	0.0140%
OMNICOM GROUP	OMC	12,981.83	0.10%	2.43%	6.00%	8.51%	0.0084%
ORACLE CORP	ORCL	150,981.03	1.15%	0.75%	13.54%	14.34%	0.1649%
O'REILLY AUTOMOTIVE INC	ORLY	9,882.18	0.08%	0.00%	17.67%	17.67%	0.0133%
OCCIDENTAL PETROLEUM CORP	OXY	64,722.90	0.49%	2.63%	-2.63%	-0.04%	-0.0002%
PAYCHEX INC	PAYX	11,917.74	0.09%	3.93%	9.50%	13.61%	0.0124%
PEOPLE'S UNITED FINANCIAL	PBCT	4,075.07	0.03%	5.25%	7.00%	12.44%	0.0039%
PITNEY BOWES INC	PBI	2,921.30	N/A	10.25%	N/A	N/A	N/A
PACCAR INC	PCAR	15,846.17	0.12%	2.92%	10.25%	13.32%	0.0161%
P G & E CORP	PCG	18,196.94	0.14%	4.31%	4.00%	8.40%	0.0116%
PLUM CREEK TIMBER CO	PCL	6,947.18	0.05%	3.91%	5.00%	9.01%	0.0048%
PRICELINE.COM INC	PCLN	29,054.17	0.22%	0.00%	19.84%	19.84%	0.0439%
PRECISION CASTPARTS CORP	PCP	25,325.46	0.19%	0.07%	12.45%	12.52%	0.0242%
METROPCS COMMUNICATIONS INC	PCS	3,717.50	0.03%	0.00%	11.12%	11.12%	0.0031%
PATTERSON COS INC	PDCO	3,720.81	0.03%	1.68%	12.33%	14.12%	0.0040%
PUBLIC SERVICE ENTERPRISE GP	PEG	15,906.61	0.12%	4.52%	0.30%	4.82%	0.0058%
PEPSICO INC	PEP	107,490.84	0.82%	3.06%	8.78%	11.97%	0.0981%
PETSMART INC	PETM	7,246.28	0.06%	0.93%	18.34%	19.35%	0.0107%
PFIZER INC	PFE	182,703.56	1.39%	3.59%	3.98%	7.64%	0.1063%
PRINCIPAL FINANCIAL GROUP	PFG	8,282.09	0.06%	2.70%	13.00%	15.88%	0.0100%
PROCTER & GAMBLE CO/THE	PG	189,591.53	1.44%	3.30%	7.56%	10.98%	0.1586%
PROGRESSIVE CORP	PGR	13,582.66	0.10%	3.79%	7.75%	11.69%	0.0121%
PARKER HANNIFIN CORP	PH	11,977.91	0.09%	2.13%	6.00%	8.20%	0.0075%
PULTEGROUP INC	PHM	6,864.87	0.05%	0.00%	10.00%	10.00%	0.0052%
PERKINELMER INC	PKI	3,597.80	0.03%	0.89%	11.41%	12.35%	0.0034%
PROLOGIS INC	PLD	15,833.50	0.12%	3.26%	3.93%	7.25%	0.0087%
PALL CORP	PLL	7,317.08	0.06%	1.30%	12.84%	14.23%	0.0079%
PHILIP MORRIS INTERNATIONAL	PM	149,152.72	1.14%	3.69%	10.60%	14.48%	0.1646%
PNC FINANCIAL SERVICES GROUP	PNC	31,147.52	0.24%	2.64%	3.64%	6.33%	0.0150%
PENTAIR LTD-REGISTERED	PNR	9,215.92	0.07%	2.00%	13.50%	15.63%	0.0110%
PINNACLE WEST CAPITAL	PNW	5,833.21	0.04%	4.00%	5.33%	9.44%	0.0042%
PEPCO HOLDINGS INC	POM	4,552.54	0.03%	5.43%	5.00%	10.57%	0.0037%
PPG INDUSTRIES INC	PPG	18,297.77	0.14%	1.94%	7.00%	9.01%	0.0126%
PPL CORPORATION	PPL	17,201.40	0.13%	4.85%	5.00%	9.97%	0.0131%
PERRIGO CO	PRGO	10,820.57	0.08%	0.25%	11.31%	11.57%	0.0095%
PRUDENTIAL FINANCIAL INC	PRU	27,018.68	0.21%	2.85%	14.50%	17.55%	0.0361%
PUBLIC STORAGE	PSA	25,222.49	0.19%	3.14%	5.34%	8.56%	0.0165%
PHILLIPS 66	PSX	29,440.29	0.22%	0.95%	10.00%	10.99%	0.0247%
QUANTA SERVICES INC	PWR	5,360.68	0.04%	0.00%	17.50%	17.50%	0.0071%
PRAXAIR INC	PX	31,944.06	0.24%	2.04%	10.59%	12.73%	0.0310%
PIONEER NATURAL RESOURCES CO	PXD	13,397.36	0.10%	0.09%	15.85%	15.94%	0.0163%
QUALCOMM INC	QCOM	101,195.97	0.77%	1.50%	15.14%	16.76%	0.1292%
QEP RESOURCES INC	QEP	5,165.39	0.04%	0.31%	15.00%	15.33%	0.0060%
RYDER SYSTEM INC	R	2,346.57	0.02%	2.65%	8.97%	11.73%	0.0021%
REYNOLDS AMERICAN INC	RAI	23,330.51	0.18%	5.59%	7.68%	13.48%	0.0240%

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Company	Ticker	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
ROWAN COMPANIES PLC-A	RDC	3,850.07	0.03%	0.00%	13.00%	13.00%	0.0038%
REGIONS FINANCIAL CORP	RF	9,339.93	0.07%	0.57%	8.00%	8.60%	0.0061%
ROBERT HALF INTL INC	RHI	3,902.43	0.03%	2.18%	14.33%	16.67%	0.0050%
RED HAT INC	RHT	9,677.84	0.07%	0.00%	17.00%	17.00%	0.0125%
RALPH LAUREN CORP	RL	14,286.54	0.11%	0.79%	12.33%	13.17%	0.0143%
ROCKWELL AUTOMATION INC	ROK	10,466.14	0.08%	2.47%	15.00%	17.65%	0.0141%
ROPER INDUSTRIES INC	ROP	10,751.15	0.08%	0.48%	15.00%	15.51%	0.0127%
ROSS STORES INC	ROST	12,757.18	0.10%	1.03%	13.50%	14.60%	0.0142%
RANGE RESOURCES CORP	RRC	10,668.47	0.08%	0.25%	10.00%	10.26%	0.0083%
RR DONNELLEY & SONS CO	RRD	1,786.77	0.01%	10.49%	5.00%	15.76%	0.0021%
REPUBLIC SERVICES INC	RSG	10,308.11	0.08%	3.19%	6.60%	9.90%	0.0078%
RAYTHEON COMPANY	RTN	18,894.78	0.14%	3.43%	9.00%	12.59%	0.0181%
SPRINT NEXTEL CORP	S	16,862.13	0.13%	0.00%	5.00%	5.00%	0.0064%
SAIC INC	SAI	3,801.16	0.03%	3.82%	3.87%	7.76%	0.0022%
STARBUCKS CORP	SBUX	34,906.80	0.27%	1.51%	17.43%	19.07%	0.0507%
SCANA CORP	SCG	6,449.42	0.05%	4.03%	4.34%	8.46%	0.0042%
SCHWAB (CHARLES) CORP	SCHW	17,264.14	0.13%	1.75%	17.87%	19.77%	0.0260%
SPECTRA ENERGY CORP	SE	18,580.69	0.14%	4.01%	5.00%	9.11%	0.0129%
SEALED AIR CORP	SEE	3,226.94	0.02%	3.08%	5.50%	8.67%	0.0021%
SHERWIN-WILLIAMS CO/THE	SHW	14,703.07	0.11%	1.09%	13.02%	14.18%	0.0159%
SIGMA-ALDRICH	SIAL	8,517.86	0.06%	1.13%	7.11%	8.28%	0.0054%
JM SMUCKER CO/THE	SJM	9,365.97	0.07%	2.42%	7.50%	10.01%	0.0071%
SCHLUMBERGER LTD	SLB	92,186.48	0.70%	1.57%	17.00%	18.70%	0.1313%
SLM CORP	SLM	8,303.73	0.06%	2.83%	-4.30%	-1.53%	-0.0010%
SNAP-ON INC	SNA	4,597.94	0.04%	0.00%	10.00%	10.00%	0.0035%
SANDISK CORP	SNDK	10,562.75	0.08%	0.00%	16.85%	16.85%	0.0136%
SCRIPPS NETWORKS INTER-CL A	SNI	9,380.58	0.07%	0.74%	15.07%	15.87%	0.0113%
SOUTHERN CO/THE	SO	40,389.37	0.31%	4.23%	5.50%	9.84%	0.0303%
SIMON PROPERTY GROUP INC	SPG	47,712.59	0.36%	2.71%	5.68%	8.47%	0.0308%
STAPLES INC	SPLS	7,895.08	0.06%	3.72%	8.23%	12.10%	0.0073%
STERICYCLE INC	SRCL	8,187.77	0.06%	0.00%	16.00%	16.00%	0.0100%
SEMPRA ENERGY	SRE	16,633.76	0.13%	3.42%	7.00%	10.54%	0.0134%
SUNTRUST BANKS INC	STI	14,704.43	0.11%	0.74%	14.36%	15.15%	0.0170%
ST JUDE MEDICAL INC	STJ	12,134.95	0.09%	2.30%	10.22%	12.64%	0.0117%
STATE STREET CORP	STT	21,607.65	0.16%	2.08%	5.75%	7.89%	0.0130%
SEAGATE TECHNOLOGY	STX	10,997.59	0.08%	4.38%	7.63%	12.17%	0.0102%
CONSTELLATION BRANDS INC-A	STZ	6,575.08	0.05%	0.00%	10.88%	10.88%	0.0055%
STANLEY BLACK & DECKER INC	SWK	11,809.93	0.09%	2.56%	8.00%	10.66%	0.0096%
SOUTHWESTERN ENERGY CO	SWN	12,142.55	N/A	0.00%	N/A	N/A	N/A
SAFEWAY INC	SWY	3,929.44	0.03%	3.98%	8.49%	12.64%	0.0038%
STRYKER CORP	SYK	20,192.45	0.15%	1.37%	10.00%	11.44%	0.0176%
SYMANTEC CORP	SYMC	12,861.47	0.10%	0.00%	7.50%	7.50%	0.0073%
SYSCO CORP	SYU	18,448.73	0.14%	3.58%	10.00%	13.76%	0.0193%
AT&T INC	T	198,489.45	1.51%	5.09%	6.50%	11.75%	0.1776%
MOLSON COORS BREWING CO -B	TAP	7,820.04	0.06%	3.08%	3.92%	7.06%	0.0042%
TERADATA CORP	TDC	10,807.26	0.08%	0.00%	14.75%	14.75%	0.0121%
TECO ENERGY INC	TE	3,887.67	0.03%	4.90%	3.67%	8.66%	0.0026%
INTEGRYS ENERGY GROUP INC	TEG	4,223.63	0.03%	5.04%	5.50%	10.68%	0.0034%
TE CONNECTIVITY LTD	TEL	13,822.53	0.11%	2.41%	15.00%	17.59%	0.0185%
TERADYNE INC	TER	2,851.41	0.02%	0.00%	11.75%	11.75%	0.0026%
TARGET CORP	TGT	41,342.91	0.31%	1.99%	12.60%	14.71%	0.0463%
TENET HEALTHCARE CORP	THC	2,570.26	0.02%	0.00%	11.00%	11.00%	0.0022%
TITANIUM METALS CORP	TIE	2,149.76	0.02%	2.28%	15.00%	17.45%	0.0029%
TIFFANY & CO	TIF	8,278.30	0.06%	1.90%	13.73%	15.76%	0.0099%
TJX COMPANIES INC	TJX	31,608.15	0.24%	1.08%	12.13%	13.27%	0.0320%
TORCHMARK CORP	TMK	4,855.79	0.04%	1.13%	9.00%	10.18%	0.0038%
THERMO FISHER SCIENTIFIC INC	TMO	22,616.70	0.17%	0.73%	10.94%	11.71%	0.0202%
TRIPADVISOR INC	TRIP	4,230.11	0.03%	0.00%	17.25%	17.25%	0.0056%
T ROWE PRICE GROUP INC	TROW	16,765.03	0.13%	2.06%	14.00%	16.20%	0.0207%
TRAVELERS COS INC/THE	TRV	27,330.83	0.21%	2.52%	7.75%	10.37%	0.0216%
TYSON FOODS INC-CL A	TSN	6,192.79	0.05%	0.97%	7.33%	8.34%	0.0039%
TESORO CORP	TSO	5,087.16	0.04%	0.69%	34.81%	35.62%	0.0138%
TOTAL SYSTEM SERVICES INC	TSS	4,256.01	0.03%	1.77%	9.71%	11.57%	0.0038%
TIME WARNER CABLE	TWC	30,461.92	0.23%	2.25%	14.78%	17.20%	0.0399%
TIME WARNER INC	TWX	41,505.93	0.32%	2.38%	13.52%	16.06%	0.0508%
TEXAS INSTRUMENTS INC	TXN	32,318.35	0.25%	2.46%	9.50%	12.08%	0.0297%
TEXTRON INC	TXT	7,417.65	0.06%	0.30%	31.50%	31.85%	0.0180%
TYCO INTERNATIONAL LTD	TYC	12,741.96	0.10%	2.60%	13.00%	15.76%	0.0153%
UNITEDHEALTH GROUP INC	UNH	57,612.19	0.44%	1.33%	10.25%	11.65%	0.0511%
UNUM GROUP	UNM	5,807.20	0.04%	2.26%	10.00%	12.37%	0.0055%
UNION PACIFIC CORP	UNP	59,034.84	0.45%	1.93%	13.20%	15.26%	0.0686%
UNITED PARCEL SERVICE-CL B	UPS	70,785.67	0.54%	3.07%	9.58%	12.80%	0.0690%
URBAN OUTFITTERS INC	URBN	5,246.39	0.04%	0.00%	18.44%	18.44%	0.0074%
US BANCORP	USB	62,867.20	0.48%	2.28%	7.57%	9.94%	0.0476%
UNITED TECHNOLOGIES CORP	UTX	73,213.58	0.56%	2.51%	12.96%	15.63%	0.0872%
VISA INC-CLASS A SHARES	V	95,606.18	0.73%	0.79%	18.71%	19.58%	0.1426%
VARIAN MEDICAL SYSTEMS INC	VAR	7,587.32	0.06%	0.00%	10.67%	10.67%	0.0062%
VF CORP	VFC	17,586.69	0.13%	1.88%	12.40%	14.40%	0.0193%
VIACOM INC-CLASS B	VIAB	26,740.36	0.20%	2.01%	12.20%	14.33%	0.0292%

		[4]	[5]	[6]	[7]	[8]	[9]
Company	Ticker	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
VALERO ENERGY CORP	VLO	16,013.12	0.12%	2.21%	6.30%	8.58%	0.0105%
VULCAN MATERIALS CO	VMC	6,037.30	0.05%	0.09%	9.67%	9.76%	0.0045%
VORNADO REALTY TRUST	VNO	14,998.97	0.11%	3.45%	-2.87%	0.53%	0.0006%
VERISIGN INC	VRSN	5,805.05	0.04%	0.00%	15.50%	15.50%	0.0069%
VENTAS INC	VTR	18,782.51	0.14%	3.91%	5.21%	9.22%	0.0132%
VERIZON COMMUNICATIONS INC	VZ	128,458.54	0.98%	4.48%	6.43%	11.05%	0.1082%
WALGREEN CO	WAG	33,447.88	0.25%	2.99%	12.40%	15.58%	0.0397%
WATERS CORP	WAT	7,329.88	0.06%	0.00%	9.08%	9.08%	0.0051%
WESTERN DIGITAL CORP	WDC	8,621.45	0.07%	1.99%	2.13%	4.14%	0.0027%
WISCONSIN ENERGY CORP	WEC	8,881.74	0.07%	3.11%	4.75%	7.94%	0.0054%
WELLS FARGO & CO	WFC	178,894.27	1.36%	2.56%	11.13%	13.82%	0.1884%
WHOLE FOODS MARKET INC	WFM	17,495.39	0.13%	0.58%	19.43%	20.07%	0.0267%
WHIRLPOOL CORP	WHR	7,741.00	N/A	2.01%	N/A	N/A	N/A
WINDSTREAM CORP	WIN	5,632.99	0.04%	10.44%	-3.21%	7.06%	0.0030%
WELLPOINT INC	WLP	19,920.93	0.15%	1.85%	10.50%	12.45%	0.0189%
WASTE MANAGEMENT INC	WM	15,294.76	0.12%	4.31%	2.80%	7.17%	0.0084%
WILLIAMS COS INC	WMB	21,209.93	0.16%	3.60%	12.00%	15.82%	0.0256%
WAL-MART STORES INC	WMT	248,948.56	1.90%	2.18%	10.18%	12.47%	0.2365%
WATSON PHARMACEUTICALS INC	WPI	11,251.95	0.09%	0.00%	12.89%	12.89%	0.0110%
WASHINGTON POST-CLASS B	WPO	2,498.35	N/A	0.00%	N/A	N/A	N/A
WPX ENERGY INC	WPX	3,148.76	N/A	0.00%	N/A	N/A	N/A
WESTERN UNION CO	WU	7,602.19	0.06%	3.33%	11.01%	14.52%	0.0084%
WEYERHAEUSER CO	WY	15,009.05	0.11%	2.21%	5.00%	7.26%	0.0083%
WYNDHAM WORLDWIDE CORP	WYN	7,229.35	0.06%	1.79%	18.60%	20.55%	0.0113%
WYNN RESORTS LTD	WYNN	12,380.31	0.09%	7.62%	9.00%	16.96%	0.0160%
UNITED STATES STEEL CORP	X	3,067.42	0.02%	0.94%	6.50%	7.47%	0.0017%
XCEL ENERGY INC	XEL	13,755.75	0.10%	3.80%	4.70%	8.59%	0.0090%
XL GROUP PLC	XL	7,602.90	0.06%	1.81%	8.33%	10.21%	0.0059%
XILINX INC	XLNX	8,766.96	0.07%	2.63%	14.00%	16.81%	0.0112%
EXXON MOBIL CORP	XOM	419,681.22	3.20%	2.38%	3.38%	5.80%	0.1856%
DENTSPLY INTERNATIONAL INC	XRAY	5,360.65	0.04%	0.57%	11.50%	12.10%	0.0049%
XEROX CORP	XRX	8,449.71	N/A	2.56%	N/A	N/A	N/A
XYLEM INC	XYL	4,637.99	0.04%	1.62%	11.00%	12.71%	0.0045%
YAHOO! INC	YHOO	20,031.89	0.15%	0.00%	12.67%	12.67%	0.0193%
YUM! BRANDS INC	YUM	32,860.04	0.25%	1.67%	11.00%	12.76%	0.0319%
ZIONS BANCORPORATION	ZION	4,003.38	0.03%	0.21%	7.75%	7.97%	0.0024%
ZIMMER HOLDINGS INC	ZMH	11,398.83	0.09%	0.63%	9.82%	10.48%	0.0091%
		Total Market Capitalization: 13,125,622.24					12.98%

Notes:

[1] Equals sum of Col. [9]

[2] Source: Bloomberg Professional

[3] Equals [1] – [2]

[4] Source: Bloomberg Professional

[5] Equals weight in S&P 500 based on market capitalization

[6] Source: Bloomberg Professional

[7] Source: Bloomberg Professional

[8] Equals ([6] x (1 + (0.5 x [7]))) + [7]

[9] Equals Col. [5] x Col. [8]

Ex-Ante Market Risk Premium
Market DCF Method Based - Capital IQ

[1]	[2]	[3]
S&P 500 Est. Required Market Return	Current 30-Year Treasury (30-day average)	Implied Market Risk Premium
12.79%	2.90%	9.89%

	[4]	[5]	[6]	[7]	[8]	[9]
Company (Ticker)	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
3M Co. (NYSE:MMM)	61,997.00	0.46%	2.63%	10.40%	13.17%	0.06%
Abbott Laboratories (NYSE:ABT)	102,069.50	0.76%	3.14%	9.09%	12.37%	0.09%
Abercrombie & Fitch Co. (NYSE:ANF)	2,813.30	0.02%	2.05%	19.90%	22.15%	0.00%
Accenture plc (NYSE:ACN)	50,942.80	0.38%	2.39%	11.30%	13.83%	0.05%
ACE Limited (NYSE:ACE)	26,481.20	0.20%	2.52%	7.79%	10.41%	0.02%
Adobe Systems Inc. (NasdaqGS:ADBE)	16,950.70	0.13%	0.00%	10.50%	10.50%	0.01%
Advanced Micro Devices, Inc. (NYSE:AMD)	1,502.20	0.01%	0.00%	10.60%	10.60%	0.00%
Aetna Inc. (NYSE:AET)	14,818.90	0.11%	1.58%	10.50%	12.16%	0.01%
AFLAC Inc. (NYSE:AFL)	24,003.30	0.18%	2.73%	11.00%	13.88%	0.02%
Agilent Technologies Inc. (NYSE:A)	13,104.90	0.10%	1.06%	11.40%	12.52%	0.01%
AGL Resources Inc. (NYSE:GAS)	4,614.70	0.03%	4.70%	4.37%	9.17%	0.00%
Air Products & Chemicals Inc. (NYSE:APD)	16,671.90	0.12%	3.25%	9.94%	13.35%	0.02%
Airgas, Inc. (NYSE:ARG)	6,914.50	0.05%	1.79%	12.10%	14.00%	0.01%
Akamai Technologies, Inc. (NasdaqGS:AKAM)	6,907.80	0.05%	0.00%	14.10%	14.10%	0.01%
Alcoa Inc. (NYSE:AA)	9,188.60	0.07%	1.39%	7.83%	9.27%	0.01%
Alexion Pharmaceuticals, Inc. (NasdaqGS:ALXN)	17,600.40	0.13%	0.00%	35.70%	35.70%	0.05%
Allegheny Technologies Inc. (NYSE:ATI)	2,972.70	0.02%	2.60%	15.00%	17.80%	0.00%
Allergan Inc. (NYSE:AGN)	28,121.00	0.21%	0.22%	13.30%	13.53%	0.03%
Altera Corp. (NasdaqGS:ALTR)	10,005.10	0.07%	1.28%	13.20%	14.56%	0.01%
Altria Group Inc. (NYSE:MO)	64,908.00	0.48%	5.52%	7.98%	13.72%	0.07%
Amazon.com Inc. (NasdaqGS:AMZN)	106,141.90	0.79%	0.00%	38.20%	38.20%	0.30%
Ameren Corporation (NYSE:AEE)	7,825.00	0.06%	4.96%	-4.05%	0.81%	0.00%
American Electric Power Co., Inc. (NYSE:AEP)	21,103.50	0.16%	4.32%	2.98%	7.36%	0.01%
American Express Company (NYSE:AXP)	63,070.30	0.47%	1.42%	11.70%	13.20%	0.06%
American International Group, Inc. (NYSE:AIG)	48,422.80	0.36%	0.00%	20.10%	20.10%	0.07%
American Tower Corporation (NYSE:AMT)	29,252.20	0.22%	1.24%	20.10%	21.46%	0.05%
Ameriprise Financial Inc. (NYSE:AMP)	12,373.70	0.09%	2.99%	14.20%	17.40%	0.02%
AmerisourceBergen Corporation (NYSE:ABC)	10,130.90	0.08%	2.09%	11.60%	13.81%	0.01%
Amgen Inc. (NasdaqGS:AMGN)	66,316.80	0.49%	1.67%	10.30%	12.06%	0.06%
Amphenol Corporation (NYSE:APH)	9,901.10	0.07%	0.68%	14.30%	15.03%	0.01%
Anadarko Petroleum Corporation (NYSE:APC)	35,333.00	0.26%	0.51%	1.16%	1.67%	0.00%
Analog Devices, Inc. (NasdaqGS:ADI)	12,186.40	0.09%	2.94%	13.00%	16.13%	0.01%
Aon plc (NYSE:AON)	17,552.20	0.13%	1.14%	9.06%	10.25%	0.01%
Apache Corp. (NYSE:APA)	31,668.90	0.24%	0.84%	3.71%	4.57%	0.01%
Apartment Investment & Management Co. (NYSE:AIV)	3,775.40	0.03%	3.08%	9.44%	12.67%	0.00%
Apollo Group Inc. (NasdaqGS:APOL)	2,271.80	0.02%	0.00%	9.90%	9.90%	0.00%
Apple Inc. (NasdaqGS:AAPL)	549,948.40	4.10%	1.81%	24.50%	26.53%	1.09%
Applied Materials Inc. (NasdaqGS:AMAT)	13,723.80	0.10%	3.25%	8.67%	12.06%	0.01%
Archer Daniels Midland Company (NYSE:ADM)	17,517.90	0.13%	2.63%	10.00%	12.76%	0.02%
Assurant Inc. (NYSE:AIZ)	2,949.20	0.02%	2.24%	9.00%	11.34%	0.00%
AT&T, Inc. (NYSE:T)	197,834.40	1.48%	5.05%	6.48%	11.69%	0.17%
Autodesk, Inc. (NasdaqGS:ADSK)	7,256.50	0.05%	0.00%	15.40%	15.40%	0.01%
Automatic Data Processing, Inc. (NasdaqGS:ADP)	27,380.70	0.20%	2.80%	10.00%	12.94%	0.03%
AutoNation Inc. (NYSE:AN)	5,296.70	0.04%	0.00%	18.50%	18.50%	0.01%
AutoZone Inc. (NYSE:AZO)	14,153.50	0.11%	0.00%	15.60%	15.60%	0.02%
Avalonbay Communities Inc. (NYSE:AVB)	13,388.70	0.10%	2.83%	11.60%	14.59%	0.01%
Avery Dennison Corporation (NYSE:AVY)	3,420.30	0.03%	3.20%	8.93%	12.27%	0.00%
Avon Products Inc. (NYSE:AVP)	6,530.00	0.05%	1.59%	-5.15%	-3.60%	0.00%
Baker Hughes Incorporated (NYSE:BHI)	18,478.40	0.14%	1.43%	15.70%	17.24%	0.02%
Ball Corporation (NYSE:BLL)	6,685.90	0.05%	0.93%	11.50%	12.48%	0.01%
Bank of America Corporation (NYSE:BAC)	105,086.30	0.78%	0.41%	7.20%	7.62%	0.06%
Baxter International Inc. (NYSE:BAX)	35,841.40	0.27%	2.76%	8.76%	11.64%	0.03%
BB&T Corporation (NYSE:BBT)	20,247.60	0.15%	2.76%	9.91%	12.81%	0.02%
Beam, Inc. (NYSE:BEAM)	9,041.20	0.07%	1.44%	12.60%	14.13%	0.01%
Becton, Dickinson and Company (NYSE:BDX)	15,283.90	0.11%	2.35%	7.60%	10.04%	0.01%
Bed Bath & Beyond Inc. (NasdaqGS:BBBY)	12,949.00	0.10%	0.00%	14.20%	14.20%	0.01%
Bemis Company, Inc. (NYSE:BMS)	3,460.90	0.03%	2.98%	7.30%	10.39%	0.00%
Berkshire Hathaway Inc. (NYSE:BRK.A)	215,312.50	1.61%	0.00%	5.00%	5.00%	0.08%
Best Buy Co. Inc. (NYSE:BBY)	4,871.60	0.04%	4.70%	-3.95%	0.66%	0.00%
Big Lots Inc. (NYSE:BIG)	1,818.50	0.01%	0.00%	10.40%	10.40%	0.00%
Biogen Idec Inc. (NasdaqGS:BIIB)	33,028.90	0.25%	0.00%	15.70%	15.70%	0.04%
BlackRock, Inc. (NYSE:BLK)	32,601.10	0.24%	3.17%	12.50%	15.87%	0.04%
BMC Software Inc. (NasdaqGS:BMC)	6,361.80	0.05%	0.00%	10.00%	10.00%	0.00%
BorgWarner Inc. (NYSE:BWA)	7,876.60	0.06%	0.00%	18.20%	18.20%	0.01%
Boston Properties Inc. (NYSE:BPX)	16,049.60	0.12%	2.07%	6.72%	8.86%	0.01%
Boston Scientific Corporation (NYSE:BSX)	7,577.40	0.06%	0.00%	6.98%	6.98%	0.00%
Bristol-Myers Squibb Company (NYSE:BMJ)	54,621.30	0.41%	4.11%	5.33%	9.55%	0.04%
Broadcom Corp. (NasdaqGS:BRM)	17,811.10	0.13%	1.27%	14.40%	15.76%	0.02%
Brown-Forman Corporation (NYSE:BF.B)	13,537.40	0.10%	0.97%	12.50%	13.53%	0.01%
CA Technologies (NasdaqGS:CA)	10,582.00	0.08%	4.34%	10.00%	14.56%	0.01%
Cablevision Systems Corporation (NYSE:CVC)	4,403.60	0.03%	3.63%	10.60%	14.42%	0.00%
Cabot Oil & Gas Corporation (NYSE:COG)	10,084.80	0.08%	0.17%	35.00%	35.20%	0.03%

	[4]	[5]	[6]	[7]	[8]	[9]
Company (Ticker)	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
Cameron International Corporation (NYSE:CAM)	12,792.10	0.10%	0.00%	19.80%	19.80%	0.02%
Campbell Soup Co. (NYSE:CPB)	10,983.40	0.08%	3.31%	4.64%	8.03%	0.01%
Capital One Financial Corp. (NYSE:COF)	27,620.60	0.21%	0.33%	9.45%	9.80%	0.02%
Cardinal Health, Inc. (NYSE:CAH)	13,784.30	0.10%	2.35%	10.00%	12.47%	0.01%
CareFusion Corporation (NYSE:CFN)	5,938.50	0.04%	0.00%	10.20%	10.20%	0.00%
CarMax Inc. (NYSE:KMX)	7,900.90	0.06%	0.00%	13.20%	13.20%	0.01%
Carnival Corporation (NYSE:CCL)	30,031.90	0.22%	2.59%	11.60%	14.34%	0.03%
Caterpillar Inc. (NYSE:CAT)	56,741.90	0.42%	2.40%	12.40%	14.95%	0.06%
CBRE Group, Inc (NYSE:CBG)	5,811.00	0.04%	0.00%	13.30%	13.30%	0.01%
CBS Corporation (NYSE:CBS)	21,768.30	0.16%	1.18%	12.10%	13.35%	0.02%
Celgene Corporation (NasdaqGS:CELG)	31,004.90	0.23%	0.00%	22.10%	22.10%	0.05%
CenterPoint Energy, Inc. (NYSE:CNP)	9,133.20	0.07%	3.79%	5.22%	9.11%	0.01%
CenturyLink, Inc. (NYSE:CTL)	23,928.40	0.18%	7.55%	4.71%	12.44%	0.02%
Cerner Corporation (NasdaqGS:CERN)	13,567.30	0.10%	0.00%	18.80%	18.80%	0.02%
CF Industries Holdings, Inc. (NYSE:CF)	12,883.00	0.10%	0.78%	9.37%	10.19%	0.01%
CH Robinson Worldwide Inc. (NasdaqGS:CHRW)	9,996.10	0.07%	2.13%	14.40%	16.68%	0.01%
Chesapeake Energy Corporation (NYSE:CHK)	11,733.50	0.09%	1.92%	-3.65%	-1.77%	0.00%
Chevron Corporation (NYSE:CVX)	214,246.10	1.60%	3.30%	-0.91%	2.38%	0.04%
Chipotle Mexican Grill, Inc. (NYSE:CMG)	8,352.80	0.06%	0.00%	21.60%	21.60%	0.01%
Cigna Corp. (NYSE:CI)	15,237.90	0.11%	0.08%	11.20%	11.28%	0.01%
Cincinnati Financial Corp. (NasdaqGS:CINF)	6,382.20	0.05%	4.15%	7.50%	11.81%	0.01%
Cintas Corporation (NasdaqGS:CTAS)	5,189.70	0.04%	1.54%	10.80%	12.42%	0.00%
Cisco Systems, Inc. (NasdaqGS:CSCO)	92,262.70	0.69%	3.22%	10.00%	13.38%	0.09%
Citigroup, Inc. (NYSE:C)	109,440.90	0.82%	0.11%	9.73%	9.84%	0.08%
Citrix Systems, Inc. (NasdaqGS:CTXS)	11,748.20	0.09%	0.00%	17.60%	17.60%	0.02%
Cliffs Natural Resources Inc. (NYSE:CLF)	5,290.90	0.04%	6.73%	8.33%	15.34%	0.01%
CME Group Inc. (NasdaqGS:CME)	18,667.40	0.14%	3.21%	11.50%	14.89%	0.02%
CMS Energy Corp. (NYSE:CMS)	6,225.60	0.05%	4.07%	5.99%	10.18%	0.00%
Coach, Inc. (NYSE:COH)	16,352.30	0.12%	2.08%	14.50%	16.73%	0.02%
Coca-Cola Enterprises Inc. (NYSE:CCE)	8,838.20	0.07%	2.08%	9.22%	11.40%	0.01%
Cognizant Technology Solutions Corporation (NasdaqGS:CTSH)	19,711.30	0.15%	0.00%	19.00%	19.00%	0.03%
Colgate-Palmolive Co. (NYSE:CL)	49,719.30	0.37%	2.36%	8.68%	11.14%	0.04%
Comcast Corporation (NasdaqGS:CMCS.A)	99,505.40	0.74%	1.74%	14.80%	16.67%	0.12%
Comerica Incorporated (NYSE:CMA)	5,708.40	0.04%	2.00%	11.10%	13.21%	0.01%
Computer Sciences Corporation (NYSE:CSC)	4,888.60	0.04%	2.54%	9.50%	12.16%	0.00%
ConAgra Foods, Inc. (NYSE:CAG)	11,443.50	0.09%	3.56%	7.21%	10.90%	0.01%
ConocoPhillips (NYSE:COP)	69,835.40	0.52%	4.59%	-4.33%	0.16%	0.00%
CONSOL Energy Inc. (NYSE:CNX)	8,099.90	0.06%	1.41%	-10.10%	-8.76%	-0.01%
Consolidated Edison Inc. (NYSE:ED)	16,987.70	0.13%	4.17%	3.29%	7.53%	0.01%
Constellation Brands Inc. (NYSE:STZ)	6,514.30	0.05%	0.00%	11.00%	11.00%	0.01%
Cooper Industries plc (NYSE:CBE)	12,396.60	0.09%	1.08%	12.90%	14.05%	0.01%
Corning Inc. (NYSE:GLW)	17,512.40	0.13%	3.04%	7.25%	10.40%	0.01%
Costco Wholesale Corporation (NasdaqGS:COST)	42,260.80	0.32%	1.13%	12.40%	13.60%	0.04%
Coventry Health Care Inc. (NYSE:CVH)	5,908.70	0.04%	1.14%	10.00%	11.20%	0.00%
Covidien plc (NYSE:COV)	26,717.40	0.20%	1.87%	9.69%	11.65%	0.02%
CR Bard Inc. (NYSE:BCR)	7,976.00	0.06%	0.83%	9.03%	9.89%	0.01%
Crown Castle International Corp. (NYSE:CCI)	19,438.00	0.14%	0.00%	27.40%	27.40%	0.04%
CSX Corp. (NYSE:CSX)	21,359.80	0.16%	2.70%	12.30%	15.17%	0.02%
Cummins Inc. (NYSE:CMI)	19,196.70	0.14%	1.98%	10.50%	12.58%	0.02%
CVS Caremark Corporation (NYSE:CVS)	59,324.40	0.44%	1.39%	11.80%	13.27%	0.06%
Danaher Corp. (NYSE:DHR)	36,158.30	0.27%	0.19%	13.20%	13.40%	0.04%
Darden Restaurants, Inc. (NYSE:DRI)	6,817.50	0.05%	3.77%	12.00%	16.00%	0.01%
DaVita HealthCare Partners Inc. (NYSE:DVA)	11,695.60	0.09%	0.00%	12.60%	12.60%	0.01%
Dean Foods Company (NYSE:DF)	3,009.20	0.02%	0.00%	18.10%	18.10%	0.00%
Deere & Company (NYSE:DE)	33,640.30	0.25%	2.14%	9.00%	11.24%	0.03%
Dell Inc. (NasdaqGS:DELL)	16,218.50	0.12%	3.42%	6.80%	10.34%	0.01%
Denbury Resources Inc. (NYSE:DNR)	6,000.00	0.04%	0.00%	20.10%	20.10%	0.01%
DENTSPLY International Inc. (NasdaqGS:XRAY)	5,512.50	0.04%	0.57%	11.60%	12.20%	0.01%
Devon Energy Corporation (NYSE:DVN)	23,392.20	0.17%	1.38%	-1.68%	-0.31%	0.00%
Diamond Offshore Drilling, Inc. (NYSE:DO)	9,594.50	0.07%	5.07%	11.30%	16.66%	0.01%
DIRECTV (NasdaqGS:DTV)	31,807.10	0.24%	0.00%	16.90%	16.90%	0.04%
Discover Financial Services (NYSE:DFS)	20,322.30	0.15%	0.99%	10.70%	11.75%	0.02%
Discovery Communications, Inc. (NasdaqGS:DISC.A)	21,849.30	0.16%	0.00%	18.70%	18.70%	0.03%
Dollar Tree, Inc. (NasdaqGS:DLTR)	9,104.70	0.07%	0.00%	19.00%	19.00%	0.01%
Dominion Resources, Inc. (NYSE:D)	29,264.90	0.22%	4.14%	5.40%	9.65%	0.02%
Dover Corporation (NYSE:DOV)	10,887.40	0.08%	2.30%	13.60%	16.06%	0.01%
DR Horton Inc. (NYSE:DHI)	6,931.90	0.05%	0.69%	7.67%	8.39%	0.00%
Dr Pepper Snapple Group, Inc. (NYSE:DPS)	9,009.20	0.07%	3.14%	8.30%	11.57%	0.01%
DTE Energy Co. (NYSE:DTE)	10,391.50	0.08%	4.11%	4.97%	9.18%	0.01%
Duke Energy Corporation (NYSE:DUK)	45,106.20	0.34%	4.78%	3.74%	8.61%	0.03%
Dun & Bradstreet Corp. (NYSE:DNB)	3,632.90	0.03%	1.86%	14.00%	15.99%	0.00%
E*TRADE Financial Corporation (NasdaqGS:ETFC)	2,502.10	0.02%	0.00%	13.70%	13.70%	0.00%
E. I. du Pont de Nemours and Company (NYSE:DD)	41,336.40	0.31%	3.88%	7.48%	11.51%	0.04%
Eastman Chemical Co. (NYSE:EMN)	9,211.20	0.07%	1.73%	8.75%	10.56%	0.01%
Eaton Corporation (NYSE:ETN)	17,060.60	0.13%	3.01%	11.00%	14.18%	0.02%
eBay Inc. (NasdaqGS:EBAY)	63,858.20	0.48%	0.00%	14.60%	14.60%	0.07%
Ecolab Inc. (NYSE:ECL)	20,720.30	0.15%	1.13%	15.70%	16.92%	0.03%
Edison International (NYSE:EIX)	14,993.80	0.11%	2.82%	4.57%	7.45%	0.01%
Edwards Lifesciences Corp. (NYSE:EW)	10,344.80	0.08%	0.00%	21.30%	21.30%	0.02%
Electronic Arts Inc. (NasdaqGS:EA)	4,202.80	0.03%	0.00%	12.90%	12.90%	0.00%
Eli Lilly & Co. (NYSE:LLY)	54,038.00	0.40%	4.02%	-2.30%	1.67%	0.01%
EMC Corporation (NYSE:EMC)	52,413.60	0.39%	0.00%	14.90%	14.90%	0.06%
Emerson Electric Co. (NYSE:EMR)	36,729.90	0.27%	3.17%	12.30%	15.66%	0.04%

	[4]	[5]	[6]	[7]	[8]	[9]
Company (Ticker)	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
Enesco plc (NYSE:ESV)	13,630.50	0.10%	2.56%	14.30%	17.04%	0.02%
Entergy Corporation (NYSE:ETR)	12,040.00	0.09%	4.89%	4.50%	9.50%	0.01%
EOG Resources, Inc. (NYSE:EOG)	31,641.60	0.24%	0.58%	16.40%	17.03%	0.04%
EQT Corporation (NYSE:EQT)	9,163.80	0.07%	1.44%	21.60%	23.20%	0.02%
Equifax Inc. (NYSE:EFX)	5,975.10	0.04%	1.44%	10.70%	12.22%	0.01%
Equity Residential (NYSE:EQR)	17,728.30	0.13%	2.31%	8.75%	11.16%	0.01%
Exelon Corporation (NYSE:EXC)	27,322.90	0.20%	6.56%	-3.65%	2.79%	0.01%
Expedia Inc. (NasdaqGS:EXPE)	8,074.60	0.06%	0.74%	14.10%	14.89%	0.01%
Expeditors International of Washington Inc. (NasdaqGS:EXPD)	7,815.40	0.06%	1.51%	11.40%	13.00%	0.01%
Express Scripts Holding Company (NasdaqGS:ESRX)	50,907.60	0.38%	0.00%	16.30%	16.30%	0.06%
Exxon Mobil Corporation (NYSE:XOM)	418,342.60	3.12%	2.52%	0.64%	3.17%	0.10%
F5 Networks, Inc. (NasdaqGS:FFIV)	6,701.00	0.05%	0.00%	18.10%	18.10%	0.01%
Family Dollar Stores Inc. (NYSE:FDO)	7,537.00	0.06%	1.29%	14.40%	15.78%	0.01%
Fastenal Company (NasdaqGS:FAST)	12,798.10	0.10%	1.71%	17.70%	19.56%	0.02%
Federated Investors, Inc. (NYSE:FII)	2,302.90	0.02%	4.33%	8.07%	12.57%	0.00%
FedEx Corporation (NYSE:FDX)	29,160.10	0.22%	0.60%	12.10%	12.74%	0.03%
Fidelity National Information Services, Inc. (NYSE:FIS)	9,804.70	0.07%	2.40%	12.00%	14.54%	0.01%
Fifth Third Bancorp (NasdaqGS:FITB)	12,831.10	0.10%	2.79%	7.29%	10.18%	0.01%
First Horizon National Corporation (NYSE:FHN)	2,278.60	0.02%	0.43%	11.10%	11.56%	0.00%
First Solar, Inc. (NasdaqGS:FSLR)	2,029.90	0.02%	0.00%	-9.50%	-9.50%	0.00%
FirstEnergy Corp. (NYSE:FE)	17,795.10	0.13%	5.17%	0.54%	5.72%	0.01%
Fiserv, Inc. (NasdaqGS:FISV)	9,986.40	0.07%	0.00%	11.70%	11.70%	0.01%
FLIR Systems, Inc. (NasdaqGS:FLIR)	2,922.90	0.02%	1.45%	7.07%	8.57%	0.00%
Flowserve Corp. (NYSE:FLS)	6,989.80	0.05%	1.03%	11.30%	12.39%	0.01%
Fluor Corporation (NYSE:FLR)	8,826.60	0.07%	1.21%	12.60%	13.89%	0.01%
FMC Corp. (NYSE:FMC)	7,531.90	0.06%	0.66%	10.80%	11.49%	0.01%
FMC Technologies, Inc. (NYSE:FTI)	9,804.00	0.07%	0.00%	19.30%	19.30%	0.01%
Ford Motor Co. (NYSE:F)	42,892.40	0.32%	1.78%	6.09%	7.92%	0.03%
Forest Laboratories Inc. (NYSE:FRX)	9,038.90	0.07%	0.00%	9.42%	9.42%	0.01%
Fossil, Inc. (NasdaqGS:FOSL)	5,725.20	0.04%	0.00%	20.40%	20.40%	0.01%
Franklin Resources Inc. (NYSE:BEN)	27,808.80	0.21%	0.82%	12.00%	12.87%	0.03%
Freeport-McMoRan Copper & Gold Inc. (NYSE:FCX)	37,460.10	0.28%	3.17%	3.50%	6.73%	0.02%
Frontier Communications Corporation (NasdaqGS:FTR)	4,633.20	0.03%	8.62%	-3.80%	4.66%	0.00%
GameStop Corp. (NYSE:GME)	2,927.70	0.02%	4.22%	9.50%	13.92%	0.00%
Gannett Co., Inc. (NYSE:GCI)	3,915.60	0.03%	4.69%	6.00%	10.83%	0.00%
Gap Inc. (NYSE:GPS)	17,010.70	0.13%	1.41%	9.29%	10.77%	0.01%
General Dynamics Corp. (NYSE:GD)	24,139.40	0.18%	2.98%	7.70%	10.79%	0.02%
General Electric Company (NYSE:GE)	226,064.90	1.69%	3.18%	10.80%	14.15%	0.24%
General Mills, Inc. (NYSE:GIS)	25,660.60	0.19%	3.32%	7.40%	10.84%	0.02%
Genuine Parts Company (NYSE:GPC)	9,790.00	0.07%	3.14%	8.17%	11.44%	0.01%
Genworth Financial Inc. (NYSE:GNW)	2,941.20	0.02%	0.00%	16.00%	16.00%	0.00%
Gilead Sciences Inc. (NasdaqGS:GILD)	50,811.80	0.38%	0.00%	20.40%	20.40%	0.08%
Goodyear Tire & Rubber Co. (NYSE:GT)	2,856.30	0.02%	0.00%	45.10%	45.10%	0.01%
Google Inc. (NasdaqGS:GOOG)	224,416.70	1.67%	0.00%	15.20%	15.20%	0.25%
H&R Block, Inc. (NYSE:HRB)	4,899.00	0.04%	4.43%	11.00%	15.67%	0.01%
H. J. Heinz Company (NYSE:HNZ)	18,320.50	0.14%	3.60%	7.42%	11.15%	0.02%
Halliburton Company (NYSE:HAL)	29,964.70	0.22%	1.11%	15.60%	16.80%	0.04%
Harley-Davidson, Inc. (NYSE:HOG)	10,820.00	0.08%	1.31%	13.60%	15.00%	0.01%
Harman International Industries, Incorporated (NYSE:HAR)	2,850.30	0.02%	1.43%	20.00%	21.57%	0.00%
Harris Corporation (NYSE:HRS)	5,494.10	0.04%	3.06%	2.95%	6.06%	0.00%
Hasbro Inc. (NasdaqGS:HAS)	4,710.40	0.04%	3.98%	8.63%	12.78%	0.00%
HCP, Inc. (NYSE:HCP)	19,660.40	0.15%	4.60%	5.20%	9.92%	0.01%
Health Care REIT, Inc. (NYSE:HCN)	14,886.50	0.11%	5.07%	5.79%	11.01%	0.01%
Helmerich & Payne Inc. (NYSE:HP)	5,151.50	0.04%	0.57%	10.40%	11.00%	0.00%
Hess Corporation (NYSE:HES)	18,530.30	0.14%	0.73%	0.75%	1.48%	0.00%
Hewlett-Packard Company (NYSE:HPQ)	27,545.90	0.21%	3.77%	-2.33%	1.40%	0.00%
Honeywell International Inc. (NYSE:HON)	49,195.80	0.37%	2.61%	10.70%	13.45%	0.05%
Hormel Foods Corp. (NYSE:HRL)	7,852.20	0.06%	2.01%	11.00%	13.12%	0.01%
Hospira Inc. (NYSE:HSP)	5,035.90	0.04%	0.00%	12.50%	12.50%	0.00%
Host Hotels & Resorts Inc. (NYSE:HST)	10,465.40	0.08%	2.22%	13.00%	15.36%	0.01%
Hudson City Bancorp, Inc. (NasdaqGS:HCBK)	4,227.80	0.03%	3.76%	-2.43%	1.28%	0.00%
Humana Inc. (NYSE:HUM)	12,212.50	0.09%	1.38%	8.95%	10.39%	0.01%
Huntington Bancshares Incorporated (NasdaqGS:HBAN)	5,449.40	0.04%	2.51%	5.75%	8.33%	0.00%
Illinois Tool Works Inc. (NYSE:ITW)	28,886.80	0.22%	2.44%	7.82%	10.36%	0.02%
Ingersoll-Rand Plc (NYSE:IR)	14,321.70	0.11%	1.35%	12.70%	14.14%	0.02%
Integrus Energy Group, Inc. (NYSE:TEG)	4,119.70	0.03%	5.14%	6.00%	11.29%	0.00%
Intel Corporation (NasdaqGS:INTC)	108,671.40	0.81%	4.12%	9.26%	13.57%	0.11%
IntercontinentalExchange, Inc. (NYSE:ICE)	9,692.00	0.07%	0.00%	12.60%	12.60%	0.01%
International Business Machines Corporation (NYSE:IBM)	219,365.00	1.64%	1.75%	10.40%	12.24%	0.20%
International Flavors & Fragrances Inc. (NYSE:IFF)	5,322.00	0.04%	2.08%	7.33%	9.49%	0.00%
International Game Technology (NYSE:IGT)	3,469.60	0.03%	1.85%	12.10%	14.06%	0.00%
International Paper Company (NYSE:IP)	15,468.50	0.12%	3.39%	7.50%	11.02%	0.01%
Intuit Inc. (NasdaqGS:INTU)	17,999.90	0.13%	1.12%	13.60%	14.80%	0.02%
Intuitive Surgical, Inc. (NasdaqGS:ISRG)	21,504.60	0.16%	0.00%	18.70%	18.70%	0.03%
Invesco Ltd. (NYSE:IVZ)	10,865.70	0.08%	2.82%	11.30%	14.28%	0.01%
Iron Mountain Inc. (NYSE:IRM)	6,003.50	0.04%	3.10%	12.50%	15.79%	0.01%
J. C. Penney Company, Inc. (NYSE:JCP)	5,115.60	0.04%	0.00%	34.40%	34.40%	0.01%
Jabil Circuit Inc. (NYSE:JBL)	3,720.60	0.03%	1.77%	13.50%	15.39%	0.00%
Jacobs Engineering Group Inc. (NYSE:JEC)	5,153.30	0.04%	0.00%	13.60%	13.60%	0.01%
JDS Uniphase Corporation (NasdaqGS:JDSU)	2,445.20	0.02%	0.00%	10.00%	10.00%	0.00%
Johnson & Johnson (NYSE:JNJ)	195,170.90	1.46%	3.45%	6.67%	10.24%	0.15%
Johnson Controls Inc. (NYSE:JCI)	18,123.60	0.14%	2.72%	15.10%	18.03%	0.02%
Joy Global, Inc. (NYSE:JOY)	6,761.40	0.05%	1.10%	13.50%	14.67%	0.01%

	[4]	[5]	[6]	[7]	[8]	[9]
Company (Ticker)	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
JPMorgan Chase & Co. (NYSE:JPM)	160,573.30	1.20%	2.84%	6.89%	9.83%	0.12%
Juniper Networks, Inc. (NYSE:JNPR)	9,183.70	0.07%	0.00%	16.40%	16.40%	0.01%
Kellogg Company (NYSE:K)	19,314.10	0.14%	3.26%	7.43%	10.81%	0.02%
KeyCorp (NYSE:KEY)	7,898.60	0.06%	2.36%	5.06%	7.48%	0.00%
Kimberly-Clark Corporation (NYSE:KMB)	32,527.60	0.24%	3.56%	8.11%	11.81%	0.03%
Kimco Realty Corporation (NYSE:KIM)	7,919.80	0.06%	4.32%	5.98%	10.43%	0.01%
Kinder Morgan, Inc. (NYSE:KMI)	35,134.10	0.26%	4.25%	16.00%	20.59%	0.05%
KLA-Tencor Corporation (NasdaqGS:KLAC)	8,031.80	0.06%	3.32%	10.00%	13.49%	0.01%
Kohl's Corp. (NYSE:KSS)	12,881.50	0.10%	2.33%	13.50%	15.99%	0.02%
Kraft Foods Group, Inc. (NasdaqGS:KRFT)	26,515.40	0.20%	0.00%	6.30%	6.30%	0.01%
L-3 Communications Holdings Inc. (NYSE:LLL)	7,323.60	0.05%	2.64%	2.53%	5.20%	0.00%
Laboratory Corp. of America Holdings (NYSE:LH)	8,164.90	0.06%	0.00%	12.00%	12.00%	0.01%
Lam Research Corporation (NasdaqGS:LRCX)	6,312.20	0.05%	0.00%	10.00%	10.00%	0.00%
Legg Mason Inc. (NYSE:LM)	3,395.30	0.03%	1.75%	13.80%	15.67%	0.00%
Leggett & Platt, Incorporated (NYSE:LEG)	3,840.80	0.03%	4.26%	15.00%	19.58%	0.01%
Lennar Corp. (NYSE:LEN)	7,122.90	0.05%	0.41%	8.00%	8.43%	0.00%
Leucadia National Corp. (NYSE:LUK)	5,569.20	0.04%	1.10%	0.00%	1.10%	0.00%
Life Technologies Corporation (NasdaqGS:LIFE)	8,540.40	0.06%	0.00%	9.82%	9.82%	0.01%
Limited Brands, Inc. (NYSE:LTD)	13,890.70	0.10%	8.28%	12.70%	21.51%	0.02%
Lincoln National Corporation (NYSE:LNC)	7,074.30	0.05%	1.26%	8.70%	10.01%	0.01%
Linear Technology Corporation (NasdaqGS:LLTC)	7,751.00	0.06%	3.04%	11.20%	14.41%	0.01%
Lockheed Martin Corporation (NYSE:LMT)	30,261.40	0.23%	4.89%	6.86%	11.92%	0.03%
Loews Corporation (NYSE:L)	16,598.20	0.12%	0.59%	0.00%	0.59%	0.00%
Lorillard, Inc. (NYSE:LO)	14,925.00	0.11%	5.38%	7.58%	13.16%	0.01%
Lowe's Companies Inc. (NYSE:LOW)	37,707.10	0.28%	1.94%	15.40%	17.49%	0.05%
LSI Corporation (NYSE:LSI)	3,886.20	0.03%	0.00%	16.10%	16.10%	0.00%
LyondellBasell Industries NV (NYSE:LYB)	30,720.40	0.23%	3.00%	10.50%	13.66%	0.03%
M&T Bank Corporation (NYSE:MTB)	13,156.50	0.10%	2.71%	12.60%	15.48%	0.02%
Macy's, Inc. (NYSE:M)	16,567.80	0.12%	1.94%	12.00%	14.06%	0.02%
Marathon Oil Corporation (NYSE:MRO)	21,509.60	0.16%	2.23%	-1.45%	0.76%	0.00%
Marathon Petroleum Corporation (NYSE:MPC)	18,525.10	0.14%	2.56%	10.70%	13.40%	0.02%
Marriott International, Inc. (NYSE:MAR)	11,561.40	0.09%	1.42%	18.20%	19.75%	0.02%
Marsh & McLennan Companies, Inc. (NYSE:MMC)	18,638.70	0.14%	2.69%	11.10%	13.94%	0.02%
Masco Corporation (NYSE:MAS)	5,770.70	0.04%	1.86%	10.00%	11.95%	0.01%
Mastercard Incorporated (NYSE:MA)	57,862.10	0.43%	0.26%	18.20%	18.48%	0.08%
Mattel, Inc. (NasdaqGS:MAT)	12,517.50	0.09%	3.40%	9.40%	12.96%	0.01%
McCormick & Company, Incorporated (NYSE:MKC)	8,127.40	0.06%	2.02%	9.18%	11.29%	0.01%
McDonald's Corp. (NYSE:MCD)	87,807.80	0.65%	3.52%	9.26%	12.94%	0.08%
McKesson Corporation (NYSE:MCK)	22,024.90	0.16%	0.86%	14.00%	14.92%	0.02%
Mead Johnson Nutrition Company (NYSE:MJN)	13,322.40	0.10%	1.83%	11.60%	13.54%	0.01%
MeadWestvaco Corporation (NYSE:MWV)	5,249.30	0.04%	3.33%	10.00%	13.50%	0.01%
Medtronic, Inc. (NYSE:MDT)	43,049.90	0.32%	2.46%	6.47%	9.01%	0.03%
Merck & Co. Inc. (NYSE:MRK)	139,094.00	1.04%	3.68%	7.38%	7.53%	0.08%
MetLife, Inc. (NYSE:MET)	36,861.60	0.27%	2.13%	13.20%	15.47%	0.04%
MetroPCS Communications, Inc. (NYSE:PCS)	3,662.90	0.03%	0.00%	13.40%	13.40%	0.00%
Microchip Technology Inc. (NasdaqGS:MCHP)	6,273.70	0.05%	4.33%	9.00%	13.52%	0.01%
Micron Technology Inc. (NasdaqGS:MU)	5,942.60	0.04%	0.00%	12.20%	12.20%	0.01%
Microsoft Corporation (NasdaqGS:MSFT)	249,379.80	1.86%	3.10%	9.37%	12.62%	0.23%
Molex Incorporated (NasdaqGS:MOLX)	4,297.20	0.03%	3.35%	11.00%	14.53%	0.00%
Molson Coors Brewing Company (NYSE:TAP)	7,769.00	0.06%	2.98%	3.92%	6.96%	0.00%
Mondelez International, Inc. (NasdaqGS:MDLZ)	46,868.50	0.35%	4.39%	10.40%	15.02%	0.05%
Monsanto Company (NYSE:MON)	47,071.40	0.35%	1.70%	11.40%	13.20%	0.05%
Monster Beverage Corporation (NasdaqGS:MNST)	7,946.40	0.06%	0.00%	19.70%	19.70%	0.01%
Moody's Corp. (NYSE:MCO)	10,387.10	0.08%	1.37%	14.80%	16.27%	0.01%
Morgan Stanley (NYSE:MS)	35,057.00	0.26%	1.13%	16.30%	17.52%	0.05%
Motorola Solutions, Inc. (NYSE:MSI)	14,959.10	0.11%	1.95%	24.00%	26.18%	0.03%
Murphy Oil Corporation (NYSE:MUR)	11,622.40	0.09%	2.09%	9.60%	11.79%	0.01%
Mylan, Inc. (NasdaqGS:MYL)	10,530.50	0.08%	0.00%	10.10%	10.10%	0.01%
Nabors Industries Ltd. (NYSE:NBR)	4,030.50	0.03%	0.00%	9.07%	9.07%	0.00%
Nasdaq OMX Group Inc. (NasdaqGS:NDAQ)	4,052.10	0.03%	2.14%	9.49%	11.73%	0.00%
National Oilwell Varco, Inc. (NYSE:NOV)	30,579.20	0.23%	0.67%	17.00%	17.73%	0.04%
NetApp, Inc. (NasdaqGS:NTAP)	10,165.10	0.08%	0.00%	12.60%	12.60%	0.01%
Netflix, Inc. (NasdaqGS:NFLX)	4,345.90	0.03%	0.00%	12.00%	12.00%	0.00%
Newell Rubbermaid Inc. (NYSE:NWL)	6,096.60	0.05%	2.84%	8.55%	11.51%	0.01%
Newfield Exploration Co. (NYSE:NFX)	3,523.70	0.03%	0.00%	6.70%	6.70%	0.00%
Newmont Mining Corp. (NYSE:NEM)	24,022.40	0.18%	2.89%	-2.15%	0.71%	0.00%
News Corp. (NasdaqGS:NWSA)	56,400.50	0.42%	0.71%	16.50%	17.27%	0.07%
NextEra Energy, Inc. (NYSE:NEE)	29,459.40	0.22%	3.45%	5.50%	9.04%	0.02%
Nike Inc. (NYSE:NKE)	42,919.60	0.32%	1.51%	12.60%	14.21%	0.05%
NiSource Inc. (NYSE:NI)	7,678.80	0.06%	3.87%	6.70%	10.70%	0.01%
Noble Corp. (NYSE:NE)	9,414.60	0.07%	1.48%	30.90%	32.61%	0.02%
Noble Energy, Inc. (NYSE:NBL)	16,929.70	0.13%	1.05%	7.50%	8.59%	0.01%
Nordstrom Inc. (NYSE:JWN)	11,581.40	0.09%	1.87%	12.10%	14.08%	0.01%
Norfolk Southern Corp. (NYSE:NSC)	19,275.50	0.14%	3.28%	12.20%	15.68%	0.02%
Northeast Utilities (NYSE:NU)	12,249.30	0.09%	3.52%	6.63%	10.27%	0.01%
Northern Trust Corporation (NasdaqGS:NTRS)	11,656.60	0.09%	2.47%	12.60%	15.23%	0.01%
Northrop Grumman Corporation (NYSE:NOC)	16,925.80	0.13%	3.19%	2.90%	6.14%	0.01%
NRG Energy, Inc. (NYSE:NRG)	4,794.30	0.04%	1.71%	20.60%	22.49%	0.01%
Nucor Corporation (NYSE:NUE)	12,999.90	0.10%	3.57%	7.13%	10.83%	0.01%
NVIDIA Corporation (NasdaqGS:NVDA)	8,065.60	0.06%	0.00%	13.20%	13.20%	0.01%
NYSE Euronext, Inc. (NYSE:NYX)	6,300.10	0.05%	4.69%	11.00%	15.95%	0.01%
O'Reilly Automotive Inc. (NasdaqGS:ORLY)	10,215.20	0.08%	0.00%	16.50%	16.50%	0.01%
Occidental Petroleum Corporation (NYSE:OXY)	63,056.60	0.47%	2.78%	-4.61%	-1.89%	-0.01%

	[4]	[5]	[6]	[7]	[8]	[9]
Company (Ticker)	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
Omnicom Group Inc. (NYSE:OMC)	12,749.40	0.10%	2.49%	10.30%	12.92%	0.01%
ONEOK Inc. (NYSE:OKE)	9,279.20	0.07%	2.91%	15.90%	19.04%	0.01%
Oracle Corporation (NasdaqGS:ORCL)	150,595.50	1.12%	0.77%	12.20%	13.01%	0.15%
Owens-Illinois, Inc. (NYSE:OI)	3,218.20	0.02%	0.00%	9.34%	9.34%	0.00%
PACCAR Inc. (NasdaqGS:PCAR)	15,925.40	0.12%	1.78%	11.00%	12.88%	0.02%
Pall Corporation (NYSE:PLL)	6,908.30	0.05%	1.64%	13.20%	14.95%	0.01%
Parker-Hannifin Corporation (NYSE:PH)	11,928.50	0.09%	2.05%	4.00%	6.09%	0.01%
Patterson Companies, Inc. (NasdaqGS:PDCO)	3,793.60	0.03%	1.63%	11.20%	12.92%	0.00%
Paychex, Inc. (NasdaqGS:PAYX)	11,903.20	0.09%	3.91%	9.84%	13.94%	0.01%
Peabody Energy Corp. (NYSE:BTU)	7,652.80	0.06%	1.19%	12.00%	13.26%	0.01%
Pentair Ltd. (NYSE:PNR)	9,576.70	0.07%	2.02%	13.00%	15.15%	0.01%
People's United Financial Inc. (NasdaqGS:PBCT)	4,011.20	0.03%	5.36%	8.88%	14.48%	0.00%
Pepco Holdings, Inc. (NYSE:POM)	4,493.00	0.03%	5.50%	6.63%	12.31%	0.00%
Pepsico, Inc. (NYSE:PEP)	106,732.90	0.80%	3.12%	5.84%	9.05%	0.07%
PerkinElmer Inc. (NYSE:PKI)	3,591.00	0.03%	0.89%	12.60%	13.55%	0.00%
Perrigo Co. (NasdaqGS:PRGO)	10,887.30	0.08%	0.28%	12.90%	13.19%	0.01%
PetSmart, Inc. (NasdaqGS:PETM)	7,245.20	0.05%	0.99%	17.50%	18.57%	0.01%
Pfizer Inc. (NYSE:PFE)	183,599.90	1.37%	3.58%	3.16%	6.80%	0.09%
PG&E Corp. (NYSE:PCG)	17,106.20	0.13%	4.38%	3.98%	8.45%	0.01%
Philip Morris International, Inc. (NYSE:PM)	144,987.30	1.08%	3.92%	10.60%	14.73%	0.16%
Phillips 66 (NYSE:PSX)	29,888.50	0.22%	2.09%	10.00%	12.19%	0.03%
Pinnacle West Capital Corporation (NYSE:PNW)	5,682.50	0.04%	4.21%	6.23%	10.57%	0.00%
Pioneer Natural Resources Co. (NYSE:PXD)	13,280.70	0.10%	0.07%	16.30%	16.38%	0.02%
Pitney Bowes Inc. (NYSE:PBI)	2,549.60	0.02%	11.80%	0.00%	11.80%	0.00%
Plum Creek Timber Co. Inc. (NYSE:PCL)	6,960.10	0.05%	3.90%	5.00%	9.00%	0.00%
PNC Financial Services Group Inc. (NYSE:PNC)	31,068.20	0.23%	2.72%	4.51%	7.29%	0.02%
PPG Industries Inc. (NYSE:PPG)	18,675.00	0.14%	1.94%	8.90%	10.93%	0.02%
PPL Corporation (NYSE:PPL)	16,713.60	0.12%	5.00%	-1.85%	3.10%	0.00%
Praxair Inc. (NYSE:PX)	32,526.40	0.24%	2.01%	10.00%	12.11%	0.03%
Precision Castparts Corp. (NYSE:PCP)	25,491.10	0.19%	0.07%	13.90%	13.97%	0.03%
priceline.com Incorporated (NasdaqGS:PCLN)	31,653.80	0.24%	0.00%	20.40%	20.40%	0.05%
Principal Financial Group Inc. (NYSE:PFG)	8,270.30	0.06%	2.98%	14.30%	17.49%	0.01%
Procter & Gamble Co. (NYSE:PG)	187,759.60	1.40%	3.27%	7.45%	10.84%	0.15%
Progressive Corp. (NYSE:PGR)	13,419.40	0.10%	1.84%	8.20%	10.12%	0.01%
Prologis, Inc. (NYSE:PLD)	15,726.00	0.12%	3.28%	8.79%	12.21%	0.01%
Prudential Financial, Inc. (NYSE:PRU)	26,557.30	0.20%	2.54%	13.80%	16.52%	0.03%
Public Service Enterprise Group Inc. (NYSE:PEG)	15,541.80	0.12%	4.62%	0.94%	5.58%	0.01%
Public Storage (NYSE:PSA)	24,026.00	0.18%	3.14%	6.12%	9.36%	0.02%
PulteGroup, Inc. (NYSE:PHM)	6,891.90	0.05%	0.00%	28.40%	28.40%	0.01%
QEP Resources, Inc. (NYSE:QEP)	5,085.20	0.04%	0.28%	13.40%	13.70%	0.01%
QUALCOMM Incorporated (NasdaqGS:QCOM)	102,933.40	0.77%	1.65%	13.20%	14.96%	0.11%
Quanta Services, Inc. (NYSE:PWR)	5,537.00	0.04%	0.00%	15.80%	15.80%	0.01%
Quest Diagnostics Inc. (NYSE:DGX)	9,286.90	0.07%	1.16%	11.40%	12.63%	0.01%
R.R. Donnelley & Sons Company (NasdaqGS:RRD)	1,790.20	0.01%	10.50%	9.75%	20.76%	0.00%
Ralph Lauren Corporation (NYSE:RL)	14,750.10	0.11%	0.99%	14.00%	15.06%	0.02%
Range Resources Corporation (NYSE:RRC)	10,588.50	0.08%	0.24%	4.35%	4.60%	0.00%
Raytheon Co. (NYSE:RTN)	18,621.00	0.14%	3.54%	8.63%	12.32%	0.02%
Red Hat, Inc. (NYSE:RHT)	9,687.50	0.07%	0.00%	21.00%	21.00%	0.02%
Regions Financial Corp. (NYSE:RF)	9,297.60	0.07%	0.61%	7.60%	8.23%	0.01%
Republic Services, Inc. (NYSE:RSG)	9,792.30	0.07%	3.50%	8.40%	12.05%	0.01%
Reynolds American Inc. (NYSE:RAI)	23,235.50	0.17%	5.68%	7.34%	13.23%	0.02%
Robert Half International Inc. (NYSE:RHI)	3,902.40	0.03%	2.18%	17.50%	19.87%	0.01%
Rockwell Automation Inc. (NYSE:ROK)	11,012.40	0.08%	2.41%	13.00%	15.57%	0.01%
Rockwell Collins Inc. (NYSE:COL)	7,738.80	0.06%	2.20%	9.02%	11.32%	0.01%
Roper Industries Inc. (NYSE:ROP)	10,796.20	0.08%	0.50%	14.40%	14.93%	0.01%
Ross Stores Inc. (NasdaqGS:ROST)	12,949.80	0.10%	0.97%	14.30%	15.34%	0.01%
Rowan Companies plc (NYSE:RDC)	4,046.30	0.03%	0.00%	31.80%	31.80%	0.01%
Ryder System, Inc. (NYSE:R)	2,315.90	0.02%	2.74%	10.60%	13.49%	0.00%
Safeway Inc. (NYSE:SWY)	4,003.70	0.03%	4.19%	10.30%	14.71%	0.00%
SAIC, Inc. (NYSE:SAI)	3,845.60	0.03%	4.27%	8.67%	13.13%	0.00%
salesforce.com, inc (NYSE:CRM)	20,167.50	0.15%	0.00%	28.50%	28.50%	0.04%
SanDisk Corp. (NasdaqGS:SNDK)	10,713.70	0.08%	0.00%	13.70%	13.70%	0.01%
SCANA Corp. (NYSE:SCG)	6,290.50	0.05%	4.13%	4.62%	8.85%	0.00%
Schlumberger Limited (NYSE:SLB)	92,863.50	0.69%	1.57%	17.80%	19.51%	0.14%
Scripps Networks Interactive, Inc. (NYSE:SNI)	9,054.20	0.07%	0.79%	14.10%	14.95%	0.01%
Seagate Technology Public Limited Company (NasdaqGS:STX)	10,886.90	0.08%	4.44%	9.05%	13.69%	0.01%
Sealed Air Corporation (NYSE:SEE)	3,271.60	0.02%	3.09%	8.34%	11.56%	0.00%
Sempra Energy (NYSE:SRE)	16,371.50	0.12%	3.52%	4.85%	8.46%	0.01%
Sigma-Aldrich Corporation (NasdaqGS:SIAL)	8,490.20	0.06%	1.13%	8.13%	9.31%	0.01%
Simon Property Group Inc. (NYSE:SPG)	47,865.60	0.36%	2.84%	7.61%	10.56%	0.04%
SLM Corporation (NasdaqGS:SLM)	8,171.00	0.06%	2.83%	11.50%	14.49%	0.01%
Snap-on Inc. (NYSE:SNA)	4,624.10	0.03%	1.91%	10.00%	12.01%	0.00%
Southern Company (NYSE:SO)	39,033.40	0.29%	4.39%	5.35%	9.86%	0.03%
Southwest Airlines Co. (NYSE:LUV)	6,671.30	0.05%	0.44%	28.90%	29.41%	0.01%
Southwestern Energy Co. (NYSE:SWN)	12,467.80	0.09%	0.00%	-11.50%	-11.50%	-0.01%
Spectra Energy Corp. (NYSE:SE)	18,476.20	0.14%	4.31%	3.95%	8.35%	0.01%
Sprint Nextel Corp. (NYSE:S)	17,252.20	0.13%	0.00%	-64.00%	-64.00%	-0.08%
St. Jude Medical Inc. (NYSE:STJ)	12,232.40	0.09%	2.38%	9.86%	12.36%	0.01%
Stanley Black & Decker, Inc. (NYSE:SWK)	11,843.20	0.09%	2.78%	9.30%	12.21%	0.01%
Staples, Inc. (NasdaqGS:SPLS)	7,895.10	0.06%	3.80%	7.60%	11.54%	0.01%
Starbucks Corporation (NasdaqGS:SBUX)	38,221.80	0.29%	1.65%	18.30%	20.10%	0.06%
Starwood Hotels & Resorts Worldwide Inc. (NYSE:HOT)	10,320.20	0.08%	2.37%	18.80%	21.39%	0.02%
State Street Corporation (NYSE:STT)	21,348.60	0.16%	2.09%	10.40%	12.60%	0.02%

	[4]	[5]	[6]	[7]	[8]	[9]
Company (Ticker)	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
Stericycle, Inc. (NasdaqGS:SRCL)	8,122.00	0.06%	0.00%	16.50%	16.50%	0.01%
Stryker Corporation (NYSE:SYK)	20,040.40	0.15%	1.61%	9.20%	10.88%	0.02%
SunTrust Banks, Inc. (NYSE:STI)	14,634.40	0.11%	0.74%	17.10%	17.90%	0.02%
Symantec Corporation (NasdaqGS:SYMC)	12,982.90	0.10%	0.00%	8.96%	8.96%	0.01%
Sysco Corporation (NYSE:SYU)	18,068.40	0.13%	3.51%	8.63%	12.29%	0.02%
T. Rowe Price Group, Inc. (NasdaqGS:TROW)	16,708.90	0.12%	2.07%	13.90%	16.11%	0.02%
Target Corp. (NYSE:TGT)	41,519.70	0.31%	2.27%	12.40%	14.81%	0.05%
TE Connectivity Ltd. (NYSE:TEL)	14,288.90	0.11%	2.51%	13.00%	15.67%	0.02%
TECO Energy, Inc. (NYSE:TE)	3,857.40	0.03%	4.94%	3.40%	8.42%	0.00%
Tenet Healthcare Corp. (NYSE:THC)	2,700.50	0.02%	0.00%	10.90%	10.90%	0.00%
Teradata Corporation (NYSE:TDC)	10,754.80	0.08%	0.00%	15.10%	15.10%	0.01%
Teradyne Inc. (NYSE:TER)	2,941.40	0.02%	0.00%	12.50%	12.50%	0.00%
Tesoro Corporation (NYSE:TSO)	5,133.80	0.04%	1.62%	29.60%	31.46%	0.01%
Texas Instruments Inc. (NasdaqGS:TXN)	33,030.10	0.25%	2.85%	10.30%	13.30%	0.03%
Textron Inc. (NYSE:TXT)	7,096.40	0.05%	0.32%	29.90%	30.27%	0.02%
The ADT Corporation (NYSE:ADT)	9,629.80	0.07%	0.00%	9.25%	9.25%	0.01%
The AES Corporation (NYSE:AES)	7,756.70	0.06%	1.54%	8.44%	10.04%	0.01%
The Allstate Corporation (NYSE:ALL)	18,635.20	0.14%	2.28%	9.13%	11.51%	0.02%
The Bank of New York Mellon Corporation (NYSE:BK)	29,343.70	0.22%	2.07%	10.50%	12.68%	0.03%
The Boeing Company (NYSE:BA)	53,094.60	0.40%	2.50%	10.10%	12.73%	0.05%
The Charles Schwab Corporation (NYSE:SCHW)	17,697.30	0.13%	1.73%	13.80%	15.65%	0.02%
The Chubb Corporation (NYSE:CB)	19,522.00	0.15%	2.20%	9.55%	11.86%	0.02%
The Clorox Company (NYSE:CLX)	9,513.80	0.07%	3.51%	8.30%	11.96%	0.01%
The Coca-Cola Company (NYSE:KO)	164,919.40	1.23%	2.77%	8.65%	11.54%	0.14%
The Dow Chemical Company (NYSE:DOW)	36,048.90	0.27%	4.26%	9.00%	13.45%	0.04%
The Estée Lauder Companies Inc. (NYSE:EL)	22,999.40	0.17%	1.21%	13.90%	15.19%	0.03%
The Goldman Sachs Group, Inc. (NYSE:GS)	60,315.30	0.45%	1.61%	10.00%	11.69%	0.05%
The Hartford Financial Services Group, Inc. (NYSE:HIG)	9,354.40	0.07%	1.87%	13.50%	15.50%	0.01%
The Hershey Company (NYSE:HSY)	15,642.50	0.12%	2.43%	9.96%	12.51%	0.01%
The Home Depot, Inc. (NYSE:HD)	94,034.20	0.70%	1.86%	15.20%	17.20%	0.12%
The Interpublic Group of Companies, Inc. (NYSE:IPG)	4,339.80	0.03%	2.39%	18.20%	20.81%	0.01%
The J. M. Smucker Company (NYSE:SJM)	9,288.30	0.07%	2.45%	8.17%	10.72%	0.01%
The Kroger Co. (NYSE:KR)	13,152.80	0.10%	2.41%	8.35%	10.86%	0.01%
The McGraw-Hill Companies, Inc. (NYSE:MHP)	14,507.00	0.11%	1.95%	13.30%	15.38%	0.02%
The Mosaic Company (NYSE:MOS)	22,363.80	0.17%	1.90%	8.41%	10.39%	0.02%
The Sherwin-Williams Company (NYSE:SHW)	14,847.40	0.11%	1.08%	14.30%	15.46%	0.02%
The TJX Companies, Inc. (NYSE:TJX)	30,908.80	0.23%	1.10%	13.20%	14.37%	0.03%
The Travelers Companies, Inc. (NYSE:TRV)	26,361.90	0.20%	2.66%	10.90%	13.70%	0.03%
The Washington Post Company (NYSE:WPO)	2,572.10	0.02%	2.81%	0.00%	2.81%	0.00%
The Western Union Company (NYSE:WU)	7,361.20	0.05%	4.09%	10.10%	14.40%	0.01%
Thermo Fisher Scientific, Inc. (NYSE:TMO)	22,308.10	0.17%	0.84%	11.20%	12.09%	0.02%
Tiffany & Co. (NYSE:TIF)	8,270.70	0.06%	1.96%	14.00%	16.10%	0.01%
Time Warner Cable Inc. (NYSE:TWC)	27,742.10	0.21%	2.44%	16.80%	19.44%	0.04%
Time Warner Inc. (NYSE:TWX)	40,841.70	0.30%	2.42%	12.30%	14.87%	0.05%
Titanium Metals Corporation (NYSE:TIE)	2,071.00	0.02%	2.54%	15.00%	17.73%	0.00%
Torchmark Corp. (NYSE:TMK)	4,831.00	0.04%	1.18%	9.50%	10.74%	0.00%
Total System Services, Inc. (NYSE:TSS)	4,132.90	0.03%	1.81%	10.20%	12.10%	0.00%
TripAdvisor Inc. (NasdaqGS:TRIP)	4,903.80	0.04%	0.00%	15.30%	15.30%	0.01%
Tyco International Ltd. (NYSE:TYC)	12,766.10	0.10%	1.80%	17.30%	19.26%	0.02%
Tyson Foods Inc. (NYSE:TSN)	6,178.30	0.05%	0.94%	7.33%	8.30%	0.00%
U.S. Bancorp (NYSE:USB)	62,315.50	0.46%	2.35%	8.41%	10.86%	0.05%
Union Pacific Corporation (NYSE:UNP)	58,206.90	0.43%	1.94%	15.20%	17.29%	0.08%
United Parcel Service, Inc. (NYSE:UPS)	70,072.10	0.52%	3.10%	9.58%	12.83%	0.07%
United States Steel Corp. (NYSE:X)	3,048.70	0.02%	0.95%	5.33%	6.30%	0.00%
United Technologies Corp. (NYSE:UTX)	71,398.90	0.53%	2.75%	11.90%	14.81%	0.08%
UnitedHealth Group Incorporated (NYSE:UNH)	56,468.10	0.42%	1.54%	11.20%	12.83%	0.05%
Unum Group (NYSE:UNM)	5,662.00	0.04%	2.53%	9.50%	12.15%	0.01%
Urban Outfitters Inc. (NasdaqGS:URBN)	5,396.30	0.04%	0.00%	18.20%	18.20%	0.01%
V.F. Corporation (NYSE:VFC)	17,445.90	0.13%	2.19%	12.50%	14.83%	0.02%
Valero Energy Corporation (NYSE:VLO)	15,930.40	0.12%	2.42%	7.40%	9.91%	0.01%
Varian Medical Systems Inc. (NYSE:VAR)	7,794.30	0.06%	0.00%	11.50%	11.50%	0.01%
Ventas, Inc. (NYSE:VTR)	18,687.90	0.14%	3.92%	5.83%	9.86%	0.01%
VeriSign, Inc. (NasdaqGS:VRSN)	6,232.00	0.05%	6.85%	16.00%	23.40%	0.01%
Verizon Communications Inc. (NYSE:VZ)	126,146.80	0.94%	4.66%	8.42%	13.28%	0.12%
Viacom, Inc. (NasdaqGS:VIAB)	25,532.50	0.19%	2.17%	14.30%	16.63%	0.03%
Visa, Inc. (NYSE:V)	94,670.20	0.71%	0.93%	19.30%	20.32%	0.14%
Vornado Realty Trust (NYSE:VNO)	14,869.10	0.11%	3.46%	-4.76%	-1.38%	0.00%
Vulcan Materials Company (NYSE:VMC)	6,029.70	0.04%	0.09%	9.67%	9.76%	0.00%
W.W. Grainger, Inc. (NYSE:GWW)	14,072.00	0.10%	1.58%	14.50%	16.19%	0.02%
Wal-Mart Stores Inc. (NYSE:WMT)	245,856.00	1.83%	2.17%	9.76%	12.04%	0.22%
Walgreen Co. (NYSE:WAG)	32,173.40	0.24%	3.23%	13.00%	16.44%	0.04%
Walt Disney Co. (NYSE:DIS)	90,287.90	0.67%	1.19%	12.50%	13.76%	0.09%
Waste Management, Inc. (NYSE:WM)	14,974.70	0.11%	4.40%	5.55%	10.07%	0.01%
Waters Corp. (NYSE:WAT)	7,368.50	0.05%	0.00%	9.76%	9.76%	0.01%
Watson Pharmaceuticals, Inc. (NYSE:WPI)	11,052.30	0.08%	0.00%	13.20%	13.20%	0.01%
WellPoint Inc. (NYSE:WLP)	19,787.60	0.15%	1.89%	10.20%	12.19%	0.02%
Wells Fargo & Company (NYSE:WFC)	179,952.20	1.34%	2.88%	8.49%	11.49%	0.15%
Western Digital Corporation (NasdaqGS:WDC)	8,662.50	0.06%	2.81%	4.15%	7.02%	0.00%
Weyerhaeuser Co. (NYSE:WY)	14,778.70	0.11%	2.46%	5.00%	7.52%	0.01%
Whirlpool Corp. (NYSE:WHR)	7,642.10	0.06%	2.04%	0.00%	2.04%	0.00%
Whole Foods Market, Inc. (NasdaqGS:WFM)	18,128.80	0.14%	0.57%	20.40%	21.03%	0.03%
Williams Companies, Inc. (NYSE:WMB)	20,833.50	0.16%	3.76%	13.90%	17.92%	0.03%
Windstream Corporation (NasdaqGS:WIN)	5,586.00	0.04%	10.50%	-1.46%	8.96%	0.00%

	[4]	[5]	[6]	[7]	[8]	[9]
Company (Ticker)	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
Wisconsin Energy Corp. (NYSE:WEC)	8,595.40	0.06%	3.21%	5.38%	8.68%	0.01%
WPX Energy, Inc. (NYSE:WPX)	3,193.00	0.02%	0.00%	0.00%	0.00%	0.00%
Wyndham Worldwide Corporation (NYSE:WYN)	7,215.30	0.05%	1.79%	18.80%	20.76%	0.01%
Wynn Resorts Ltd. (NasdaqGS:WYNN)	13,860.40	0.10%	8.52%	10.90%	19.88%	0.02%
Xcel Energy Inc. (NYSE:XEL)	13,409.60	0.10%	3.93%	5.71%	9.75%	0.01%
Xerox Corp. (NYSE:XRX)	8,327.40	0.06%	2.58%	6.15%	8.81%	0.01%
Xilinx Inc. (NasdaqGS:XLNX)	8,725.30	0.07%	2.63%	11.20%	13.98%	0.01%
XL Group plc (NYSE:XL)	7,404.20	0.06%	1.82%	8.75%	10.65%	0.01%
Xylem Inc. (NYSE:XYL)	4,830.60	0.04%	1.56%	9.77%	11.41%	0.00%
Yahoo! Inc. (NasdaqGS:YHOO)	20,574.40	0.15%	0.00%	12.70%	12.70%	0.02%
Yum! Brands, Inc. (NYSE:YUM)	32,661.30	0.24%	1.85%	12.50%	14.47%	0.04%
Zimmer Holdings, Inc. (NYSE:ZMH)	11,474.00	0.09%	1.10%	9.32%	10.47%	0.01%
Zions Bancorp. (NasdaqGS:ZION)	3,952.00	0.03%	0.19%	10.60%	10.80%	0.00%
Total Market Capitalization:	13,407,787.40					12.79%

Notes:

[1] Equals sum of Col. [9]
[2] Source: Bloomberg Professional
[3] Equals [1] – [2]
[4] Source: Capital IQ
[5] Equals weight in S&P 500 based on market capitalization
[6] Source: Capital IQ
[7] Source: Capital IQ
[8] Equals ([6] x (1 + (0.5 x [7]))) + [7]
[9] Equals Col. [5] x Col. [8]

Bloomberg, Value Line, and Calculated Beta Coefficients

Company	Ticker	[1]	[2]	[3]
		Bloomberg	Value Line	Calculated
American Electric Power Company, Inc.	AEP	0.598	0.70	0.702
Cleco Corp.	CNL	0.726	0.65	0.680
Empire District Electric	EDE	0.723	0.65	0.640
Great Plains Energy Inc.	GXP	0.756	0.75	0.711
IDACORP, Inc.	IDA	0.789	0.70	0.747
Otter Tail Corporation	OTTR	0.763	0.90	0.755
Pinnacle West Capital Corp.	PNW	0.699	0.70	0.636
PNM Resources, Inc.	PNM	0.663	0.95	0.660
Portland General Electric Company	POR	0.724	0.75	0.671
Southern Company	SO	0.489	0.55	0.497
Westar Energy, Inc.	WR	0.668	0.75	0.645
Mean		0.691	0.73	0.668

Notes:

[1] Source: Bloomberg Professional

[2] Source: Value Line

[3] Data Source: Bloomberg Professional; Beta coefficients calculated over 12-months based on weekly returns

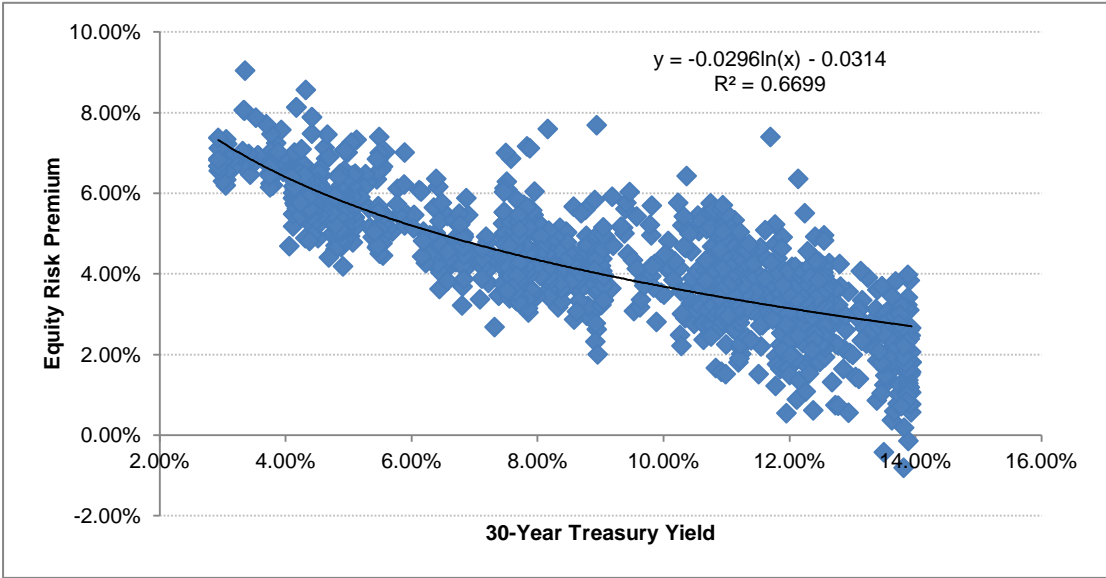
Capital Asset Pricing Model Results
Sharpe Ratio, Bloomberg, and Capital IQ Derived Market Risk Premium

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
			Ex-Ante Market Risk Premium			CAPM Result		
	Risk-Free Rate	Average Beta Coefficient	Sharpe Ratio Derived	Bloomberg Market DCF Derived	Capital IQ Market DCF Derived	Sharpe Ratio Derived	Bloomberg Market DCF Derived	Capital IQ Market DCF Derived
PROXY GROUP 12-MONTH BETA COEFFICIENT								
Current 30-Year Treasury (30-day average) [9]	2.90%	0.668	7.16%	10.08%	9.89%	7.68%	9.63%	9.50%
Near-Term Projected 30-Year Treasury [10]	3.15%	0.668	7.16%	10.08%	9.89%	7.93%	9.88%	9.75%
Long-Term Projected 30-Year Treasury [11]	5.30%	0.668	7.16%	10.08%	9.89%	10.08%	12.03%	11.90%
Mean						8.56%	10.52%	10.39%
PROXY GROUP BLOOMBERG BETA COEFFICIENT								
Current 30-Year Treasury (30-day average) [9]	2.90%	0.691	7.16%	10.08%	9.89%	7.84%	9.86%	9.73%
Near-Term Projected 30-Year Treasury [10]	3.15%	0.691	7.16%	10.08%	9.89%	8.09%	10.11%	9.98%
Long-Term Projected 30-Year Treasury [11]	5.30%	0.691	7.16%	10.08%	9.89%	10.24%	12.26%	12.13%
Mean						8.73%	10.75%	10.61%
PROXY GROUP VALUE LINE AVERAGE BETA COEFFICIENT								
Current 30-Year Treasury (30-day average) [9]	2.90%	0.732	7.16%	10.08%	9.89%	8.14%	10.28%	10.14%
Near-Term Projected 30-Year Treasury [10]	3.15%	0.732	7.16%	10.08%	9.89%	8.39%	10.53%	10.39%
Long-Term Projected 30-Year Treasury [11]	5.30%	0.732	7.16%	10.08%	9.89%	10.54%	12.68%	12.54%
Mean						9.02%	11.16%	11.02%

Notes:

- [1] See Notes [9], [10], and [11]
[2] Source: Rebuttal Exhibit No.____(RBH-3)
[3] Source: Rebuttal Exhibit No.____(RBH-2)
[4] Source: Rebuttal Exhibit No.____(RBH-2)
[5] Source: Rebuttal Exhibit No.____(RBH-2)
[6] Equals Col. [1] + (Col. [2] x Col. [3])
[7] Equals Col. [1] + (Col. [2] x Col. [4])
[8] Equals Col. [1] + (Col. [2] x Col. [5])
[9] Source: Bloomberg Professional
[10] Source: Blue Chip Financial Forecasts, Vol. 31, No. 10, October 1, 2012, at 2
[11] Source: Blue Chip Financial Forecasts, Vol. 31, No. 6, June 1, 2012, at 14

	[1]	[2]	[3]	[4]	[5]
	Constant	Slope	30-Year Treasury Yield	Risk Premium	Return on Equity
Current	-3.14%	-2.96%	2.90%	7.35%	10.25%
Near Term Projected	-3.14%	-2.96%	3.15%	7.11%	10.26%
Long Term Projected	-3.14%	-2.96%	5.30%	5.57%	10.87%



Notes:

- [1] Constant of regression equation
- [2] Slope of regression equation
- [3] Source: Bloomberg Professional, Blue Chip Financial Forecasts, Vol. 31, No. 10, October 1, 2012, at 2, and Blue Chip Financial Forecasts, Vol. 31, No. 6, June 1, 2012, at 14
- [4] Equals [1] + [2] x ln([3])
- [5] Equals [3] + [4]
- [6] Source: SNL Financial
- [7] Source: SNL Financial
- [8] Source: Bloomberg Professional, equals 202-trading day average (i.e. lag period) as of October 31, 2012
- [9] Equals [7] - [8]

[6]	[7]	[8]	[9]
Date of Electric Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
1/1/1980	14.50%	9.36%	5.14%
1/7/1980	14.39%	9.38%	5.01%
1/9/1980	15.00%	9.39%	5.61%
1/14/1980	15.17%	9.41%	5.76%
1/17/1980	13.93%	9.43%	4.50%
1/23/1980	15.50%	9.47%	6.03%
1/30/1980	13.86%	9.52%	4.34%
1/31/1980	12.61%	9.53%	3.08%
2/6/1980	13.71%	9.58%	4.13%
2/13/1980	12.80%	9.63%	3.17%
2/14/1980	13.00%	9.64%	3.36%
2/19/1980	13.50%	9.68%	3.82%
2/27/1980	13.75%	9.78%	3.97%
2/29/1980	13.75%	9.81%	3.94%
2/29/1980	14.00%	9.81%	4.19%
2/29/1980	14.77%	9.81%	4.96%
3/7/1980	12.70%	9.89%	2.81%
3/14/1980	13.50%	9.96%	3.54%
3/26/1980	14.16%	10.09%	4.07%
3/27/1980	14.24%	10.11%	4.13%
3/28/1980	14.50%	10.13%	4.37%
4/11/1980	12.75%	10.27%	2.48%
4/14/1980	13.85%	10.28%	3.57%
4/16/1980	15.50%	10.30%	5.20%
4/22/1980	13.25%	10.34%	2.91%
4/22/1980	13.90%	10.34%	3.56%
4/24/1980	16.80%	10.37%	6.43%
4/29/1980	15.50%	10.40%	5.10%
5/6/1980	13.70%	10.44%	3.26%
5/7/1980	15.00%	10.45%	4.55%
5/8/1980	13.75%	10.45%	3.30%
5/9/1980	14.35%	10.46%	3.89%

5/13/1980	13.60%	10.47%	3.13%
5/15/1980	13.25%	10.49%	2.76%
5/19/1980	13.75%	10.50%	3.25%
5/27/1980	13.62%	10.53%	3.09%
5/27/1980	14.60%	10.53%	4.07%
5/29/1980	16.00%	10.55%	5.45%
5/30/1980	13.80%	10.56%	3.24%
6/2/1980	15.63%	10.56%	5.07%
6/9/1980	15.90%	10.59%	5.31%
6/10/1980	13.78%	10.59%	3.19%
6/12/1980	14.25%	10.60%	3.65%
6/19/1980	13.40%	10.61%	2.79%
6/30/1980	13.00%	10.64%	2.36%
6/30/1980	13.40%	10.64%	2.76%
7/9/1980	14.75%	10.67%	4.08%
7/10/1980	15.00%	10.67%	4.33%
7/15/1980	15.80%	10.69%	5.11%
7/18/1980	13.80%	10.70%	3.10%
7/22/1980	14.10%	10.71%	3.39%
7/24/1980	15.00%	10.72%	4.28%
7/25/1980	13.48%	10.73%	2.75%
7/31/1980	14.58%	10.75%	3.83%
8/8/1980	13.50%	10.77%	2.73%
8/8/1980	14.00%	10.77%	3.23%
8/8/1980	15.45%	10.77%	4.68%
8/11/1980	14.85%	10.78%	4.07%
8/14/1980	14.00%	10.79%	3.21%
8/14/1980	16.25%	10.79%	5.46%
8/25/1980	13.75%	10.82%	2.93%
8/27/1980	13.80%	10.83%	2.97%
8/29/1980	12.50%	10.83%	1.67%
9/15/1980	13.50%	10.87%	2.63%
9/15/1980	13.93%	10.87%	3.06%
9/15/1980	15.80%	10.87%	4.93%
9/24/1980	12.50%	10.92%	1.58%
9/24/1980	15.00%	10.92%	4.08%
9/26/1980	13.75%	10.94%	2.81%
9/30/1980	14.10%	10.96%	3.14%
9/30/1980	14.20%	10.96%	3.24%
10/1/1980	13.90%	10.96%	2.94%
10/3/1980	15.50%	10.98%	4.52%
10/7/1980	12.50%	10.99%	1.51%
10/9/1980	13.25%	11.00%	2.25%
10/9/1980	14.50%	11.00%	3.50%
10/9/1980	14.50%	11.00%	3.50%
10/16/1980	16.10%	11.02%	5.08%
10/17/1980	14.50%	11.03%	3.47%
10/31/1980	13.75%	11.10%	2.65%
10/31/1980	14.25%	11.10%	3.15%
11/4/1980	15.00%	11.11%	3.89%
11/5/1980	13.75%	11.12%	2.63%
11/5/1980	14.00%	11.12%	2.88%
11/8/1980	13.75%	11.14%	2.61%
11/10/1980	14.85%	11.15%	3.70%
11/17/1980	14.00%	11.18%	2.82%
11/18/1980	14.00%	11.19%	2.81%
11/19/1980	13.00%	11.19%	1.81%
11/24/1980	14.00%	11.21%	2.79%
11/26/1980	14.00%	11.21%	2.79%
12/8/1980	14.15%	11.23%	2.92%
12/8/1980	15.10%	11.23%	3.87%
12/9/1980	15.35%	11.23%	4.12%
12/12/1980	15.45%	11.23%	4.22%
12/17/1980	13.25%	11.24%	2.01%
12/18/1980	15.80%	11.24%	4.56%
12/19/1980	14.50%	11.24%	3.26%
12/19/1980	14.64%	11.24%	3.40%
12/22/1980	13.45%	11.24%	2.21%
12/22/1980	15.00%	11.24%	3.76%
12/30/1980	14.50%	11.22%	3.28%
12/30/1980	14.95%	11.22%	3.73%
12/31/1980	13.39%	11.22%	2.17%
1/2/1981	15.25%	11.22%	4.03%
1/7/1981	14.30%	11.21%	3.09%
1/19/1981	15.25%	11.20%	4.05%
1/23/1981	13.10%	11.20%	1.90%
1/23/1981	14.40%	11.20%	3.20%
1/26/1981	15.25%	11.21%	4.04%
1/27/1981	15.00%	11.21%	3.79%

1/31/1981	13.47%	11.22%	2.25%
2/3/1981	15.25%	11.23%	4.02%
2/5/1981	15.75%	11.24%	4.51%
2/11/1981	15.60%	11.28%	4.32%
2/20/1981	15.25%	11.33%	3.92%
3/11/1981	15.40%	11.49%	3.91%
3/12/1981	14.51%	11.50%	3.01%
3/12/1981	16.00%	11.50%	4.50%
3/13/1981	13.02%	11.51%	1.51%
3/18/1981	16.19%	11.54%	4.65%
3/19/1981	13.75%	11.55%	2.20%
3/23/1981	14.30%	11.57%	2.73%
3/25/1981	15.30%	11.60%	3.70%
4/1/1981	14.53%	11.67%	2.86%
4/3/1981	19.10%	11.70%	7.40%
4/9/1981	15.00%	11.77%	3.23%
4/9/1981	15.30%	11.77%	3.53%
4/9/1981	16.50%	11.77%	4.73%
4/9/1981	17.00%	11.77%	5.23%
4/10/1981	13.75%	11.79%	1.96%
4/13/1981	13.57%	11.81%	1.76%
4/15/1981	15.30%	11.84%	3.46%
4/16/1981	13.50%	11.86%	1.64%
4/17/1981	14.10%	11.86%	2.24%
4/21/1981	14.00%	11.89%	2.11%
4/21/1981	16.80%	11.89%	4.91%
4/24/1981	16.00%	11.94%	4.06%
4/27/1981	12.50%	11.96%	0.54%
4/27/1981	13.61%	11.96%	1.65%
4/29/1981	13.65%	11.99%	1.66%
4/30/1981	13.50%	12.01%	1.49%
5/4/1981	16.22%	12.04%	4.18%
5/5/1981	14.40%	12.06%	2.34%
5/7/1981	16.25%	12.10%	4.15%
5/7/1981	16.27%	12.10%	4.17%
5/8/1981	13.00%	12.12%	0.88%
5/8/1981	16.00%	12.12%	3.88%
5/12/1981	13.50%	12.15%	1.35%
5/15/1981	15.75%	12.21%	3.54%
5/18/1981	14.88%	12.22%	2.66%
5/20/1981	16.00%	12.25%	3.75%
5/21/1981	14.00%	12.27%	1.73%
5/26/1981	14.90%	12.29%	2.61%
5/27/1981	15.00%	12.31%	2.69%
5/29/1981	15.50%	12.33%	3.17%
6/1/1981	16.50%	12.34%	4.16%
6/3/1981	14.67%	12.36%	2.31%
6/5/1981	13.00%	12.38%	0.62%
6/10/1981	16.75%	12.41%	4.34%
6/17/1981	14.40%	12.45%	1.95%
6/18/1981	16.33%	12.46%	3.87%
6/25/1981	14.75%	12.51%	2.24%
6/26/1981	16.00%	12.52%	3.48%
6/30/1981	15.25%	12.54%	2.71%
7/1/1981	15.50%	12.55%	2.95%
7/1/1981	17.50%	12.55%	4.95%
7/10/1981	16.00%	12.61%	3.39%
7/14/1981	16.90%	12.63%	4.27%
7/15/1981	16.00%	12.64%	3.36%
7/17/1981	15.00%	12.66%	2.34%
7/20/1981	15.00%	12.67%	2.33%
7/21/1981	14.00%	12.68%	1.32%
7/28/1981	13.48%	12.73%	0.75%
7/31/1981	13.50%	12.77%	0.73%
7/31/1981	15.00%	12.77%	2.23%
7/31/1981	16.00%	12.77%	3.23%
8/5/1981	15.71%	12.82%	2.89%
8/10/1981	14.50%	12.86%	1.64%
8/11/1981	15.00%	12.87%	2.13%
8/20/1981	13.50%	12.94%	0.56%
8/20/1981	16.50%	12.94%	3.56%
8/24/1981	15.00%	12.96%	2.04%
8/28/1981	15.00%	13.01%	1.99%
9/3/1981	14.50%	13.05%	1.45%
9/10/1981	14.50%	13.10%	1.40%
9/11/1981	16.00%	13.11%	2.89%
9/16/1981	16.00%	13.14%	2.86%
9/17/1981	16.50%	13.15%	3.35%
9/23/1981	15.85%	13.19%	2.66%

9/28/1981	15.50%	13.23%	2.27%
10/9/1981	15.75%	13.32%	2.43%
10/15/1981	16.25%	13.36%	2.89%
10/16/1981	15.50%	13.37%	2.13%
10/16/1981	16.50%	13.37%	3.13%
10/19/1981	14.25%	13.38%	0.87%
10/20/1981	15.25%	13.40%	1.85%
10/20/1981	17.00%	13.40%	3.60%
10/23/1981	16.00%	13.44%	2.56%
10/27/1981	10.00%	13.48%	-3.48%
10/29/1981	14.75%	13.50%	1.25%
10/29/1981	16.50%	13.50%	3.00%
11/3/1981	15.17%	13.53%	1.64%
11/5/1981	16.60%	13.55%	3.05%
11/6/1981	15.17%	13.55%	1.62%
11/24/1981	15.50%	13.60%	1.90%
11/25/1981	15.25%	13.60%	1.65%
11/25/1981	15.35%	13.60%	1.75%
11/25/1981	16.10%	13.60%	2.50%
11/25/1981	16.10%	13.60%	2.50%
12/1/1981	15.70%	13.61%	2.09%
12/1/1981	16.00%	13.61%	2.39%
12/1/1981	16.49%	13.61%	2.88%
12/1/1981	16.50%	13.61%	2.89%
12/4/1981	16.00%	13.61%	2.39%
12/11/1981	16.25%	13.62%	2.63%
12/14/1981	14.00%	13.62%	0.38%
12/15/1981	15.81%	13.63%	2.18%
12/15/1981	16.00%	13.63%	2.37%
12/16/1981	15.25%	13.63%	1.62%
12/17/1981	16.50%	13.63%	2.87%
12/18/1981	15.45%	13.63%	1.82%
12/30/1981	14.25%	13.66%	0.59%
12/30/1981	16.00%	13.66%	2.34%
12/30/1981	16.25%	13.66%	2.59%
12/31/1981	16.15%	13.67%	2.48%
1/4/1982	15.50%	13.67%	1.83%
1/11/1982	14.50%	13.72%	0.78%
1/11/1982	17.00%	13.72%	3.28%
1/13/1982	14.75%	13.74%	1.01%
1/14/1982	15.75%	13.74%	2.01%
1/15/1982	15.00%	13.75%	1.25%
1/15/1982	16.50%	13.75%	2.75%
1/22/1982	16.25%	13.79%	2.46%
1/27/1982	16.84%	13.81%	3.03%
1/28/1982	13.00%	13.81%	-0.81%
1/29/1982	15.50%	13.81%	1.69%
2/1/1982	15.85%	13.82%	2.03%
2/3/1982	16.44%	13.83%	2.61%
2/8/1982	15.50%	13.85%	1.65%
2/11/1982	16.00%	13.87%	2.13%
2/11/1982	16.20%	13.87%	2.33%
2/17/1982	15.00%	13.88%	1.12%
2/19/1982	15.17%	13.89%	1.28%
2/26/1982	15.25%	13.89%	1.36%
3/1/1982	15.03%	13.89%	1.14%
3/1/1982	16.00%	13.89%	2.11%
3/3/1982	15.00%	13.88%	1.12%
3/3/1982	15.00%	13.88%	1.12%
3/8/1982	17.10%	13.88%	3.22%
3/12/1982	16.25%	13.88%	2.37%
3/17/1982	17.30%	13.88%	3.42%
3/22/1982	15.10%	13.88%	1.22%
3/27/1982	15.40%	13.89%	1.51%
3/30/1982	15.50%	13.90%	1.60%
3/31/1982	17.00%	13.90%	3.10%
4/1/1982	14.70%	13.91%	0.79%
4/1/1982	16.50%	13.91%	2.59%
4/2/1982	15.50%	13.91%	1.59%
4/5/1982	15.50%	13.91%	1.59%
4/8/1982	16.40%	13.93%	2.47%
4/13/1982	14.50%	13.93%	0.57%
4/23/1982	15.75%	13.94%	1.81%
4/27/1982	15.00%	13.94%	1.06%
4/28/1982	15.75%	13.94%	1.81%
4/30/1982	14.70%	13.94%	0.76%
4/30/1982	15.50%	13.94%	1.56%
5/3/1982	16.60%	13.94%	2.66%
5/4/1982	16.00%	13.94%	2.06%

5/14/1982	15.50%	13.92%	1.58%
5/18/1982	15.42%	13.92%	1.50%
5/19/1982	14.69%	13.91%	0.78%
5/20/1982	15.00%	13.91%	1.09%
5/20/1982	15.10%	13.91%	1.19%
5/20/1982	15.50%	13.91%	1.59%
5/20/1982	16.30%	13.91%	2.39%
5/21/1982	17.75%	13.91%	3.84%
5/27/1982	15.00%	13.89%	1.11%
5/28/1982	15.50%	13.89%	1.61%
5/28/1982	17.00%	13.89%	3.11%
6/1/1982	13.75%	13.89%	-0.14%
6/1/1982	16.60%	13.89%	2.71%
6/9/1982	17.86%	13.88%	3.98%
6/14/1982	15.75%	13.88%	1.87%
6/15/1982	14.85%	13.88%	0.97%
6/18/1982	15.50%	13.87%	1.63%
6/21/1982	14.90%	13.87%	1.03%
6/23/1982	16.00%	13.87%	2.13%
6/23/1982	16.17%	13.87%	2.30%
6/24/1982	14.85%	13.86%	0.99%
6/25/1982	14.70%	13.86%	0.84%
7/1/1982	16.00%	13.85%	2.15%
7/2/1982	15.62%	13.84%	1.78%
7/2/1982	17.00%	13.84%	3.16%
7/13/1982	14.00%	13.82%	0.18%
7/13/1982	16.80%	13.82%	2.98%
7/14/1982	15.76%	13.82%	1.94%
7/14/1982	16.02%	13.82%	2.20%
7/19/1982	16.50%	13.80%	2.70%
7/22/1982	14.50%	13.78%	0.72%
7/22/1982	17.00%	13.78%	3.22%
7/27/1982	16.75%	13.75%	3.00%
7/29/1982	16.50%	13.74%	2.76%
8/11/1982	17.50%	13.69%	3.81%
8/18/1982	17.07%	13.64%	3.43%
8/20/1982	15.73%	13.61%	2.12%
8/25/1982	16.00%	13.57%	2.43%
8/26/1982	15.50%	13.56%	1.94%
8/30/1982	15.00%	13.55%	1.45%
9/3/1982	16.20%	13.53%	2.67%
9/8/1982	15.00%	13.52%	1.48%
9/15/1982	13.08%	13.50%	-0.42%
9/15/1982	16.25%	13.50%	2.75%
9/16/1982	16.00%	13.50%	2.50%
9/17/1982	15.25%	13.49%	1.76%
9/23/1982	17.17%	13.47%	3.70%
9/24/1982	14.50%	13.46%	1.04%
9/27/1982	15.25%	13.46%	1.79%
10/1/1982	15.50%	13.42%	2.08%
10/15/1982	15.90%	13.32%	2.58%
10/22/1982	15.75%	13.25%	2.50%
10/22/1982	17.15%	13.25%	3.90%
10/29/1982	15.54%	13.17%	2.37%
11/1/1982	15.50%	13.15%	2.35%
11/3/1982	17.20%	13.13%	4.07%
11/4/1982	16.25%	13.12%	3.13%
11/5/1982	16.20%	13.10%	3.10%
11/9/1982	16.00%	13.06%	2.94%
11/23/1982	15.50%	12.89%	2.61%
11/23/1982	15.85%	12.89%	2.96%
11/30/1982	16.50%	12.82%	3.68%
12/1/1982	17.04%	12.79%	4.25%
12/6/1982	15.00%	12.74%	2.26%
12/6/1982	16.35%	12.74%	3.61%
12/10/1982	15.50%	12.67%	2.83%
12/13/1982	16.00%	12.65%	3.35%
12/14/1982	15.30%	12.63%	2.67%
12/14/1982	16.40%	12.63%	3.77%
12/20/1982	16.00%	12.58%	3.42%
12/21/1982	14.75%	12.56%	2.19%
12/21/1982	15.85%	12.56%	3.29%
12/22/1982	16.25%	12.55%	3.70%
12/22/1982	16.58%	12.55%	4.03%
12/22/1982	16.75%	12.55%	4.20%
12/29/1982	14.90%	12.49%	2.41%
12/29/1982	16.25%	12.49%	3.76%
12/30/1982	16.00%	12.47%	3.53%
12/30/1982	16.35%	12.47%	3.88%

12/30/1982	16.77%	12.47%	4.30%
1/5/1983	17.33%	12.41%	4.92%
1/11/1983	15.90%	12.35%	3.55%
1/12/1983	14.63%	12.34%	2.29%
1/12/1983	15.50%	12.34%	3.16%
1/20/1983	17.75%	12.24%	5.51%
1/21/1983	15.00%	12.23%	2.77%
1/24/1983	14.50%	12.21%	2.29%
1/24/1983	15.50%	12.21%	3.29%
1/25/1983	15.85%	12.20%	3.65%
1/27/1983	16.14%	12.17%	3.97%
2/1/1983	18.50%	12.14%	6.36%
2/4/1983	14.00%	12.10%	1.90%
2/10/1983	15.00%	12.06%	2.94%
2/21/1983	15.50%	11.99%	3.51%
2/22/1983	15.50%	11.98%	3.52%
2/23/1983	15.10%	11.96%	3.14%
2/23/1983	16.00%	11.96%	4.04%
3/2/1983	15.25%	11.90%	3.35%
3/9/1983	15.20%	11.83%	3.37%
3/15/1983	13.00%	11.78%	1.22%
3/18/1983	15.25%	11.74%	3.51%
3/23/1983	15.40%	11.70%	3.70%
3/24/1983	15.00%	11.68%	3.32%
3/29/1983	15.50%	11.64%	3.86%
3/30/1983	16.71%	11.62%	5.09%
3/31/1983	15.00%	11.61%	3.39%
4/4/1983	15.20%	11.59%	3.61%
4/8/1983	15.50%	11.52%	3.98%
4/11/1983	14.81%	11.50%	3.31%
4/19/1983	14.50%	11.39%	3.11%
4/20/1983	16.00%	11.37%	4.63%
4/29/1983	16.00%	11.26%	4.74%
5/1/1983	14.50%	11.26%	3.24%
5/9/1983	15.50%	11.16%	4.34%
5/11/1983	16.46%	11.13%	5.33%
5/12/1983	14.14%	11.12%	3.02%
5/18/1983	15.00%	11.06%	3.94%
5/23/1983	14.90%	11.02%	3.88%
5/23/1983	15.50%	11.02%	4.48%
5/25/1983	15.50%	11.00%	4.50%
5/27/1983	15.00%	10.97%	4.03%
5/31/1983	14.00%	10.96%	3.04%
5/31/1983	15.50%	10.96%	4.54%
6/2/1983	14.50%	10.94%	3.56%
6/17/1983	15.03%	10.85%	4.18%
7/1/1983	14.80%	10.78%	4.02%
7/1/1983	14.90%	10.78%	4.12%
7/8/1983	16.25%	10.76%	5.49%
7/13/1983	13.20%	10.76%	2.44%
7/19/1983	15.00%	10.75%	4.25%
7/19/1983	15.10%	10.75%	4.35%
7/25/1983	16.25%	10.74%	5.51%
7/28/1983	15.90%	10.74%	5.16%
8/3/1983	16.34%	10.75%	5.59%
8/3/1983	16.50%	10.75%	5.75%
8/19/1983	15.00%	10.80%	4.20%
8/22/1983	15.50%	10.80%	4.70%
8/22/1983	16.40%	10.80%	5.60%
8/31/1983	14.75%	10.84%	3.91%
9/7/1983	15.00%	10.86%	4.14%
9/14/1983	15.78%	10.89%	4.89%
9/16/1983	15.00%	10.90%	4.10%
9/19/1983	14.50%	10.91%	3.59%
9/20/1983	16.50%	10.91%	5.59%
9/28/1983	14.50%	10.94%	3.56%
9/29/1983	15.50%	10.94%	4.56%
9/30/1983	15.25%	10.95%	4.30%
9/30/1983	16.15%	10.95%	5.20%
10/4/1983	14.80%	10.96%	3.84%
10/7/1983	16.00%	10.97%	5.03%
10/13/1983	15.52%	10.98%	4.54%
10/17/1983	15.50%	10.99%	4.51%
10/18/1983	14.50%	11.00%	3.50%
10/19/1983	16.25%	11.00%	5.25%
10/19/1983	16.50%	11.00%	5.50%
10/26/1983	15.00%	11.03%	3.97%
10/27/1983	15.20%	11.04%	4.16%
11/1/1983	16.00%	11.06%	4.94%

11/9/1983	14.90%	11.09%	3.81%
11/10/1983	14.35%	11.10%	3.25%
11/23/1983	16.00%	11.13%	4.87%
11/23/1983	16.15%	11.13%	5.02%
11/30/1983	15.00%	11.14%	3.86%
12/5/1983	15.25%	11.15%	4.10%
12/6/1983	15.07%	11.15%	3.92%
12/8/1983	15.90%	11.16%	4.74%
12/9/1983	14.75%	11.17%	3.58%
12/12/1983	14.50%	11.17%	3.33%
12/15/1983	15.56%	11.19%	4.37%
12/19/1983	14.80%	11.21%	3.59%
12/20/1983	14.69%	11.21%	3.48%
12/20/1983	16.00%	11.21%	4.79%
12/20/1983	16.25%	11.21%	5.04%
12/22/1983	14.75%	11.23%	3.52%
12/22/1983	15.75%	11.23%	4.52%
1/3/1984	14.75%	11.26%	3.49%
1/10/1984	15.90%	11.29%	4.61%
1/12/1984	15.60%	11.30%	4.30%
1/18/1984	13.75%	11.32%	2.43%
1/19/1984	15.90%	11.33%	4.57%
1/30/1984	16.10%	11.36%	4.74%
1/31/1984	15.25%	11.37%	3.88%
2/1/1984	14.80%	11.38%	3.42%
2/6/1984	13.75%	11.40%	2.35%
2/6/1984	14.75%	11.40%	3.35%
2/9/1984	15.25%	11.42%	3.83%
2/15/1984	15.70%	11.44%	4.26%
2/20/1984	15.00%	11.45%	3.55%
2/20/1984	15.00%	11.45%	3.55%
2/22/1984	14.75%	11.47%	3.28%
2/28/1984	14.50%	11.50%	3.00%
3/2/1984	14.25%	11.53%	2.72%
3/20/1984	16.00%	11.64%	4.36%
3/23/1984	15.50%	11.66%	3.84%
3/26/1984	14.71%	11.67%	3.04%
4/2/1984	15.50%	11.71%	3.79%
4/6/1984	14.74%	11.75%	2.99%
4/11/1984	15.72%	11.77%	3.95%
4/17/1984	15.00%	11.80%	3.20%
4/18/1984	16.20%	11.81%	4.39%
4/25/1984	14.64%	11.85%	2.79%
4/30/1984	14.40%	11.87%	2.53%
5/16/1984	14.69%	11.98%	2.71%
5/16/1984	15.00%	11.98%	3.02%
5/22/1984	14.40%	12.02%	2.38%
5/29/1984	15.10%	12.06%	3.04%
6/13/1984	15.25%	12.15%	3.10%
6/15/1984	15.60%	12.17%	3.43%
6/22/1984	16.25%	12.21%	4.04%
6/29/1984	15.25%	12.25%	3.00%
7/2/1984	13.35%	12.26%	1.09%
7/10/1984	16.00%	12.31%	3.69%
7/12/1984	16.50%	12.32%	4.18%
7/13/1984	16.25%	12.33%	3.92%
7/17/1984	14.14%	12.35%	1.79%
7/18/1984	15.30%	12.35%	2.95%
7/18/1984	15.50%	12.35%	3.15%
7/19/1984	14.30%	12.36%	1.94%
7/24/1984	16.79%	12.39%	4.40%
7/31/1984	16.00%	12.42%	3.58%
8/3/1984	14.25%	12.44%	1.81%
8/17/1984	14.30%	12.48%	1.82%
8/20/1984	15.00%	12.49%	2.51%
8/27/1984	16.30%	12.50%	3.80%
8/31/1984	15.55%	12.52%	3.03%
9/6/1984	16.00%	12.53%	3.47%
9/10/1984	14.75%	12.54%	2.21%
9/13/1984	15.00%	12.55%	2.45%
9/17/1984	17.38%	12.55%	4.83%
9/26/1984	14.50%	12.57%	1.93%
9/28/1984	15.00%	12.57%	2.43%
9/28/1984	16.25%	12.57%	3.68%
10/9/1984	14.75%	12.58%	2.17%
10/12/1984	15.60%	12.58%	3.02%
10/22/1984	15.00%	12.58%	2.42%
10/26/1984	16.40%	12.58%	3.82%
10/31/1984	16.25%	12.58%	3.67%

11/7/1984	15.60%	12.58%	3.02%
11/9/1984	16.00%	12.58%	3.42%
11/14/1984	15.75%	12.58%	3.17%
11/20/1984	15.25%	12.57%	2.68%
11/20/1984	15.92%	12.57%	3.35%
11/23/1984	15.00%	12.57%	2.43%
11/28/1984	16.15%	12.56%	3.59%
12/3/1984	15.80%	12.56%	3.24%
12/4/1984	16.50%	12.56%	3.94%
12/18/1984	16.40%	12.53%	3.87%
12/19/1984	14.75%	12.53%	2.22%
12/19/1984	15.00%	12.53%	2.47%
12/20/1984	16.00%	12.52%	3.48%
12/28/1984	16.00%	12.50%	3.50%
1/3/1985	14.75%	12.49%	2.26%
1/10/1985	15.75%	12.47%	3.28%
1/11/1985	16.30%	12.46%	3.84%
1/23/1985	15.80%	12.43%	3.37%
1/24/1985	15.82%	12.43%	3.39%
1/25/1985	16.75%	12.42%	4.33%
1/30/1985	14.90%	12.40%	2.50%
1/31/1985	14.75%	12.39%	2.36%
2/8/1985	14.47%	12.36%	2.11%
3/1/1985	13.84%	12.31%	1.53%
3/8/1985	16.85%	12.29%	4.56%
3/14/1985	15.50%	12.26%	3.24%
3/15/1985	15.62%	12.26%	3.36%
3/29/1985	15.62%	12.17%	3.45%
4/3/1985	14.60%	12.14%	2.46%
4/9/1985	15.50%	12.11%	3.39%
4/16/1985	15.70%	12.06%	3.64%
4/22/1985	14.00%	12.02%	1.98%
4/26/1985	15.50%	11.99%	3.51%
4/29/1985	15.00%	11.98%	3.02%
5/2/1985	14.68%	11.94%	2.74%
5/8/1985	15.62%	11.90%	3.72%
5/10/1985	16.50%	11.88%	4.62%
5/29/1985	14.61%	11.74%	2.87%
5/31/1985	16.00%	11.72%	4.28%
6/14/1985	15.50%	11.61%	3.89%
7/9/1985	15.00%	11.45%	3.55%
7/16/1985	14.50%	11.40%	3.10%
7/26/1985	14.50%	11.33%	3.17%
8/2/1985	14.80%	11.29%	3.51%
8/7/1985	15.00%	11.27%	3.73%
8/28/1985	14.25%	11.15%	3.10%
8/28/1985	15.50%	11.15%	4.35%
8/29/1985	14.50%	11.15%	3.35%
9/9/1985	14.60%	11.11%	3.49%
9/9/1985	14.90%	11.11%	3.79%
9/17/1985	14.90%	11.09%	3.81%
9/23/1985	15.00%	11.07%	3.93%
9/27/1985	15.50%	11.05%	4.45%
9/27/1985	15.80%	11.05%	4.75%
10/2/1985	14.00%	11.04%	2.96%
10/2/1985	14.75%	11.04%	3.71%
10/3/1985	15.25%	11.03%	4.22%
10/24/1985	15.40%	10.96%	4.44%
10/24/1985	15.82%	10.96%	4.86%
10/24/1985	15.85%	10.96%	4.89%
10/28/1985	16.00%	10.95%	5.05%
10/29/1985	16.65%	10.95%	5.70%
10/31/1985	15.06%	10.93%	4.13%
11/4/1985	14.50%	10.92%	3.58%
11/7/1985	15.50%	10.90%	4.60%
11/8/1985	14.30%	10.89%	3.41%
12/12/1985	14.75%	10.73%	4.02%
12/18/1985	15.00%	10.70%	4.30%
12/20/1985	14.50%	10.68%	3.82%
12/20/1985	14.50%	10.68%	3.82%
12/20/1985	15.00%	10.68%	4.32%
1/24/1986	15.40%	10.41%	4.99%
1/31/1986	15.00%	10.36%	4.64%
2/5/1986	15.00%	10.33%	4.67%
2/5/1986	15.75%	10.33%	5.42%
2/10/1986	13.30%	10.30%	3.00%
2/11/1986	12.50%	10.28%	2.22%
2/14/1986	14.40%	10.25%	4.15%
2/18/1986	16.00%	10.24%	5.76%

2/24/1986	14.50%	10.18%	4.32%
2/26/1986	14.00%	10.16%	3.84%
3/5/1986	14.90%	10.08%	4.82%
3/11/1986	14.50%	10.02%	4.48%
3/12/1986	13.50%	10.01%	3.49%
3/27/1986	14.10%	9.86%	4.24%
3/31/1986	13.50%	9.84%	3.66%
4/1/1986	14.00%	9.83%	4.17%
4/2/1986	15.50%	9.81%	5.69%
4/4/1986	15.00%	9.78%	5.22%
4/14/1986	13.40%	9.69%	3.71%
4/23/1986	15.00%	9.58%	5.42%
5/16/1986	14.50%	9.33%	5.17%
5/16/1986	14.50%	9.33%	5.17%
5/29/1986	13.90%	9.20%	4.70%
5/30/1986	15.10%	9.19%	5.91%
6/2/1986	12.81%	9.17%	3.64%
6/11/1986	14.00%	9.08%	4.92%
6/24/1986	16.63%	8.94%	7.69%
6/26/1986	12.00%	8.91%	3.09%
6/26/1986	14.75%	8.91%	5.84%
6/30/1986	13.00%	8.88%	4.12%
7/10/1986	14.34%	8.76%	5.58%
7/11/1986	12.75%	8.74%	4.01%
7/14/1986	12.60%	8.72%	3.88%
7/17/1986	12.40%	8.67%	3.73%
7/25/1986	14.25%	8.58%	5.67%
8/6/1986	13.50%	8.45%	5.05%
8/14/1986	13.50%	8.36%	5.14%
9/16/1986	12.75%	8.07%	4.68%
9/19/1986	13.25%	8.04%	5.21%
10/1/1986	14.00%	7.96%	6.04%
10/3/1986	13.40%	7.94%	5.46%
10/31/1986	13.50%	7.78%	5.72%
11/5/1986	13.00%	7.76%	5.24%
12/3/1986	12.90%	7.59%	5.31%
12/4/1986	14.44%	7.58%	6.86%
12/16/1986	13.60%	7.53%	6.07%
12/22/1986	13.80%	7.51%	6.29%
12/30/1986	13.00%	7.49%	5.51%
1/2/1987	13.00%	7.49%	5.51%
1/12/1987	12.40%	7.47%	4.93%
1/27/1987	12.71%	7.46%	5.25%
3/2/1987	12.47%	7.47%	5.00%
3/3/1987	13.60%	7.47%	6.13%
3/4/1987	12.38%	7.47%	4.91%
3/10/1987	13.50%	7.47%	6.03%
3/13/1987	13.00%	7.47%	5.53%
3/31/1987	13.00%	7.47%	5.53%
4/6/1987	13.00%	7.47%	5.53%
4/14/1987	12.50%	7.49%	5.01%
4/16/1987	14.50%	7.50%	7.00%
4/27/1987	12.00%	7.54%	4.46%
5/5/1987	12.85%	7.58%	5.27%
5/12/1987	12.65%	7.62%	5.03%
5/28/1987	13.50%	7.70%	5.80%
6/15/1987	13.20%	7.78%	5.42%
6/29/1987	15.00%	7.83%	7.17%
6/30/1987	12.50%	7.84%	4.66%
7/8/1987	12.00%	7.86%	4.14%
7/10/1987	12.90%	7.86%	5.04%
7/15/1987	13.50%	7.88%	5.62%
7/16/1987	13.50%	7.88%	5.62%
7/16/1987	15.00%	7.88%	7.12%
7/27/1987	13.00%	7.92%	5.08%
7/27/1987	13.40%	7.92%	5.48%
7/27/1987	13.50%	7.92%	5.58%
7/31/1987	12.98%	7.94%	5.04%
8/26/1987	12.63%	8.05%	4.58%
8/26/1987	12.75%	8.05%	4.70%
8/27/1987	13.25%	8.06%	5.19%
9/9/1987	13.00%	8.13%	4.87%
9/30/1987	12.75%	8.30%	4.45%
9/30/1987	13.00%	8.30%	4.70%
10/2/1987	11.50%	8.33%	3.17%
10/15/1987	13.00%	8.43%	4.57%
11/2/1987	13.00%	8.54%	4.46%
11/19/1987	13.00%	8.63%	4.37%
11/30/1987	12.00%	8.68%	3.32%

12/3/1987	14.20%	8.70%	5.50%
12/15/1987	13.25%	8.77%	4.48%
12/16/1987	13.50%	8.78%	4.72%
12/16/1987	13.72%	8.78%	4.94%
12/17/1987	11.75%	8.78%	2.97%
12/18/1987	13.50%	8.79%	4.71%
12/21/1987	12.01%	8.80%	3.21%
12/22/1987	12.00%	8.81%	3.19%
12/22/1987	12.00%	8.81%	3.19%
12/22/1987	12.75%	8.81%	3.94%
12/22/1987	13.00%	8.81%	4.19%
1/20/1988	13.80%	8.93%	4.87%
1/26/1988	13.90%	8.95%	4.95%
1/29/1988	13.20%	8.95%	4.25%
2/4/1988	12.60%	8.96%	3.64%
3/1/1988	11.56%	8.94%	2.62%
3/23/1988	12.87%	8.92%	3.95%
3/24/1988	11.24%	8.92%	2.32%
3/30/1988	12.72%	8.92%	3.80%
4/1/1988	12.50%	8.92%	3.58%
4/7/1988	13.25%	8.93%	4.32%
4/25/1988	10.96%	8.95%	2.01%
5/3/1988	12.91%	8.97%	3.94%
5/11/1988	13.50%	8.99%	4.51%
5/16/1988	13.00%	8.99%	4.01%
6/30/1988	12.75%	9.00%	3.75%
7/1/1988	12.75%	9.00%	3.75%
7/20/1988	13.40%	8.97%	4.43%
8/5/1988	12.75%	8.92%	3.83%
8/23/1988	11.70%	8.93%	2.77%
8/29/1988	12.75%	8.94%	3.81%
8/30/1988	13.50%	8.94%	4.56%
9/8/1988	12.60%	8.95%	3.65%
10/13/1988	13.10%	8.93%	4.17%
12/19/1988	13.00%	9.01%	3.99%
12/20/1988	12.25%	9.02%	3.23%
12/20/1988	13.00%	9.02%	3.98%
12/21/1988	12.90%	9.02%	3.88%
12/27/1988	13.00%	9.03%	3.97%
12/28/1988	13.10%	9.03%	4.07%
12/30/1988	13.40%	9.03%	4.37%
1/27/1989	13.00%	9.05%	3.95%
1/31/1989	13.00%	9.05%	3.95%
2/17/1989	13.00%	9.05%	3.95%
2/20/1989	12.40%	9.05%	3.35%
3/1/1989	12.76%	9.05%	3.71%
3/8/1989	13.00%	9.05%	3.95%
3/30/1989	14.00%	9.05%	4.95%
4/5/1989	14.20%	9.05%	5.15%
4/18/1989	13.00%	9.05%	3.95%
5/5/1989	12.40%	9.05%	3.35%
6/2/1989	13.20%	9.01%	4.19%
6/8/1989	13.50%	8.98%	4.52%
6/27/1989	13.25%	8.92%	4.33%
6/30/1989	13.00%	8.90%	4.10%
8/14/1989	12.50%	8.77%	3.73%
9/28/1989	12.25%	8.63%	3.62%
10/24/1989	12.50%	8.54%	3.96%
11/9/1989	13.00%	8.49%	4.51%
12/15/1989	13.00%	8.34%	4.66%
12/20/1989	12.90%	8.32%	4.58%
12/21/1989	12.90%	8.32%	4.58%
12/27/1989	12.50%	8.30%	4.20%
12/27/1989	13.00%	8.30%	4.70%
1/10/1990	12.80%	8.25%	4.55%
1/11/1990	12.90%	8.24%	4.66%
1/17/1990	12.80%	8.22%	4.58%
1/26/1990	12.00%	8.20%	3.80%
2/9/1990	12.10%	8.18%	3.92%
2/24/1990	12.86%	8.15%	4.71%
3/30/1990	12.90%	8.16%	4.74%
4/4/1990	15.76%	8.17%	7.59%
4/12/1990	12.52%	8.18%	4.34%
4/19/1990	12.75%	8.20%	4.55%
5/21/1990	12.10%	8.28%	3.82%
5/29/1990	12.40%	8.30%	4.10%
5/31/1990	12.00%	8.30%	3.70%
6/4/1990	12.90%	8.30%	4.60%
6/6/1990	12.25%	8.31%	3.94%

6/15/1990	13.20%	8.31%	4.89%
6/20/1990	12.92%	8.32%	4.60%
6/27/1990	12.90%	8.33%	4.57%
6/29/1990	12.50%	8.33%	4.17%
7/6/1990	12.10%	8.34%	3.76%
7/6/1990	12.35%	8.34%	4.01%
8/10/1990	12.55%	8.40%	4.15%
8/16/1990	13.21%	8.42%	4.79%
8/22/1990	13.10%	8.44%	4.66%
8/24/1990	13.00%	8.46%	4.54%
9/26/1990	11.45%	8.59%	2.86%
10/2/1990	13.00%	8.61%	4.39%
10/5/1990	12.84%	8.62%	4.22%
10/19/1990	13.00%	8.66%	4.34%
10/25/1990	12.30%	8.67%	3.63%
11/21/1990	12.70%	8.69%	4.01%
12/13/1990	12.30%	8.67%	3.63%
12/17/1990	12.87%	8.67%	4.20%
12/18/1990	13.10%	8.67%	4.43%
12/19/1990	12.00%	8.66%	3.34%
12/20/1990	12.75%	8.66%	4.09%
12/21/1990	12.50%	8.66%	3.84%
12/27/1990	12.79%	8.66%	4.13%
1/2/1991	13.10%	8.65%	4.45%
1/4/1991	12.50%	8.65%	3.85%
1/15/1991	12.75%	8.64%	4.11%
1/25/1991	11.70%	8.63%	3.07%
2/4/1991	12.50%	8.61%	3.89%
2/7/1991	12.50%	8.59%	3.91%
2/12/1991	13.00%	8.58%	4.42%
2/14/1991	12.72%	8.57%	4.15%
2/22/1991	12.80%	8.55%	4.25%
3/6/1991	13.10%	8.53%	4.57%
3/8/1991	12.30%	8.52%	3.78%
3/8/1991	13.00%	8.52%	4.48%
4/22/1991	13.00%	8.49%	4.51%
5/7/1991	13.50%	8.47%	5.03%
5/13/1991	13.25%	8.47%	4.78%
5/30/1991	12.75%	8.44%	4.31%
6/12/1991	12.00%	8.41%	3.59%
6/25/1991	11.70%	8.39%	3.31%
6/28/1991	12.50%	8.38%	4.12%
7/1/1991	12.00%	8.38%	3.62%
7/3/1991	12.50%	8.37%	4.13%
7/19/1991	12.10%	8.34%	3.76%
8/1/1991	12.90%	8.32%	4.58%
8/16/1991	13.20%	8.29%	4.91%
9/27/1991	12.50%	8.23%	4.27%
9/30/1991	12.25%	8.23%	4.02%
10/17/1991	13.00%	8.20%	4.80%
10/23/1991	12.50%	8.20%	4.30%
10/23/1991	12.55%	8.20%	4.35%
10/31/1991	11.80%	8.19%	3.61%
11/1/1991	12.00%	8.19%	3.81%
11/5/1991	12.25%	8.19%	4.06%
11/12/1991	12.50%	8.18%	4.32%
11/12/1991	13.25%	8.18%	5.07%
11/25/1991	12.40%	8.18%	4.22%
11/26/1991	11.60%	8.18%	3.42%
11/26/1991	12.50%	8.18%	4.32%
11/27/1991	12.10%	8.18%	3.92%
12/18/1991	12.25%	8.15%	4.10%
12/19/1991	12.60%	8.15%	4.45%
12/19/1991	12.80%	8.15%	4.65%
12/20/1991	12.65%	8.14%	4.51%
1/9/1992	12.80%	8.09%	4.71%
1/16/1992	12.75%	8.07%	4.68%
1/21/1992	12.00%	8.06%	3.94%
1/22/1992	13.00%	8.06%	4.94%
1/27/1992	12.65%	8.06%	4.59%
1/31/1992	12.00%	8.05%	3.95%
2/11/1992	12.40%	8.03%	4.37%
2/25/1992	12.50%	8.01%	4.49%
3/16/1992	11.43%	7.99%	3.44%
3/18/1992	12.28%	7.98%	4.30%
4/2/1992	12.10%	7.95%	4.15%
4/9/1992	11.45%	7.94%	3.51%
4/10/1992	11.50%	7.94%	3.56%
4/14/1992	11.50%	7.93%	3.57%

5/5/1992	11.50%	7.90%	3.60%
5/12/1992	11.87%	7.89%	3.98%
5/12/1992	12.46%	7.89%	4.57%
6/1/1992	12.30%	7.87%	4.43%
6/12/1992	10.90%	7.86%	3.04%
6/26/1992	12.35%	7.85%	4.50%
6/29/1992	11.00%	7.85%	3.15%
6/30/1992	13.00%	7.85%	5.15%
7/13/1992	11.90%	7.84%	4.06%
7/13/1992	13.50%	7.84%	5.66%
7/22/1992	11.20%	7.83%	3.37%
8/3/1992	12.00%	7.81%	4.19%
8/6/1992	12.50%	7.80%	4.70%
9/22/1992	12.00%	7.71%	4.29%
9/28/1992	11.40%	7.71%	3.69%
9/30/1992	11.75%	7.70%	4.05%
10/2/1992	13.00%	7.70%	5.30%
10/12/1992	12.20%	7.70%	4.50%
10/16/1992	13.16%	7.70%	5.46%
10/30/1992	11.75%	7.71%	4.04%
11/3/1992	12.00%	7.71%	4.29%
12/3/1992	11.85%	7.68%	4.17%
12/15/1992	11.00%	7.66%	3.34%
12/16/1992	11.90%	7.66%	4.24%
12/16/1992	12.40%	7.66%	4.74%
12/17/1992	12.00%	7.66%	4.34%
12/22/1992	12.30%	7.65%	4.65%
12/22/1992	12.40%	7.65%	4.75%
12/29/1992	12.25%	7.63%	4.62%
12/30/1992	12.00%	7.63%	4.37%
12/31/1992	11.90%	7.63%	4.27%
1/12/1993	12.00%	7.61%	4.39%
1/21/1993	11.25%	7.59%	3.66%
2/2/1993	11.40%	7.56%	3.84%
2/15/1993	12.30%	7.52%	4.78%
2/24/1993	11.90%	7.49%	4.41%
2/26/1993	11.80%	7.48%	4.32%
2/26/1993	12.20%	7.48%	4.72%
4/23/1993	11.75%	7.29%	4.46%
5/11/1993	11.75%	7.25%	4.50%
5/14/1993	11.50%	7.24%	4.26%
5/25/1993	11.50%	7.23%	4.27%
5/28/1993	11.00%	7.22%	3.78%
6/3/1993	12.00%	7.21%	4.79%
6/16/1993	11.50%	7.19%	4.31%
6/18/1993	12.10%	7.18%	4.92%
6/25/1993	11.67%	7.17%	4.50%
7/21/1993	11.38%	7.10%	4.28%
7/23/1993	10.46%	7.09%	3.37%
8/24/1993	11.50%	6.96%	4.54%
9/21/1993	10.50%	6.81%	3.69%
9/29/1993	11.47%	6.77%	4.70%
9/30/1993	11.60%	6.76%	4.84%
11/2/1993	10.80%	6.61%	4.19%
11/12/1993	12.00%	6.57%	5.43%
11/26/1993	11.00%	6.52%	4.48%
12/14/1993	10.55%	6.48%	4.07%
12/16/1993	10.60%	6.48%	4.12%
12/21/1993	11.30%	6.47%	4.83%
1/4/1994	10.07%	6.45%	3.62%
1/13/1994	11.00%	6.42%	4.58%
1/21/1994	11.00%	6.40%	4.60%
1/28/1994	11.35%	6.39%	4.96%
2/3/1994	11.40%	6.38%	5.02%
2/17/1994	10.60%	6.36%	4.24%
2/25/1994	11.25%	6.36%	4.89%
2/25/1994	12.00%	6.36%	5.64%
3/1/1994	11.00%	6.35%	4.65%
3/4/1994	11.00%	6.35%	4.65%
4/25/1994	11.00%	6.41%	4.59%
5/10/1994	11.75%	6.45%	5.30%
5/13/1994	10.50%	6.46%	4.04%
6/3/1994	11.00%	6.53%	4.47%
6/27/1994	11.40%	6.64%	4.76%
8/5/1994	12.75%	6.87%	5.88%
10/31/1994	10.00%	7.32%	2.68%
11/9/1994	10.85%	7.38%	3.47%
11/9/1994	10.85%	7.38%	3.47%
11/18/1994	11.20%	7.45%	3.75%

11/22/1994	11.60%	7.46%	4.14%
11/28/1994	11.06%	7.49%	3.57%
12/8/1994	11.50%	7.54%	3.96%
12/8/1994	11.70%	7.54%	4.16%
12/14/1994	10.95%	7.56%	3.39%
12/15/1994	11.50%	7.57%	3.93%
12/19/1994	11.50%	7.57%	3.93%
12/28/1994	12.15%	7.61%	4.54%
1/9/1995	12.28%	7.64%	4.64%
1/31/1995	11.00%	7.68%	3.32%
2/10/1995	12.60%	7.70%	4.90%
2/17/1995	11.90%	7.70%	4.20%
3/9/1995	11.50%	7.71%	3.79%
3/20/1995	12.00%	7.72%	4.28%
3/23/1995	12.81%	7.72%	5.09%
3/29/1995	11.60%	7.72%	3.88%
4/6/1995	11.10%	7.71%	3.39%
4/7/1995	11.00%	7.71%	3.29%
4/19/1995	11.00%	7.70%	3.30%
5/12/1995	11.63%	7.68%	3.95%
5/25/1995	11.20%	7.65%	3.55%
6/9/1995	11.25%	7.60%	3.65%
6/21/1995	12.25%	7.56%	4.69%
6/30/1995	11.10%	7.52%	3.58%
9/11/1995	11.30%	7.21%	4.09%
9/27/1995	11.30%	7.13%	4.17%
9/27/1995	11.50%	7.13%	4.37%
9/27/1995	11.75%	7.13%	4.62%
9/29/1995	11.00%	7.12%	3.88%
11/9/1995	11.38%	6.90%	4.48%
11/9/1995	12.36%	6.90%	5.46%
11/17/1995	11.00%	6.86%	4.14%
12/4/1995	11.35%	6.78%	4.57%
12/11/1995	11.40%	6.75%	4.65%
12/20/1995	11.60%	6.70%	4.90%
12/27/1995	12.00%	6.67%	5.33%
2/5/1996	12.25%	6.48%	5.77%
3/29/1996	10.67%	6.42%	4.25%
4/8/1996	11.00%	6.42%	4.58%
4/11/1996	12.59%	6.43%	6.16%
4/11/1996	12.59%	6.43%	6.16%
4/24/1996	11.25%	6.44%	4.81%
4/30/1996	11.00%	6.43%	4.57%
5/13/1996	11.00%	6.44%	4.56%
5/23/1996	11.25%	6.44%	4.81%
6/25/1996	11.25%	6.48%	4.77%
6/27/1996	11.20%	6.48%	4.72%
8/12/1996	10.40%	6.57%	3.83%
9/27/1996	11.00%	6.70%	4.30%
10/16/1996	12.25%	6.76%	5.49%
11/5/1996	11.00%	6.80%	4.20%
11/26/1996	11.30%	6.83%	4.47%
12/18/1996	11.75%	6.83%	4.92%
12/31/1996	11.50%	6.83%	4.67%
1/3/1997	10.70%	6.83%	3.87%
2/13/1997	11.80%	6.82%	4.98%
2/20/1997	11.80%	6.82%	4.98%
3/31/1997	10.02%	6.80%	3.22%
4/2/1997	11.65%	6.80%	4.85%
4/28/1997	11.50%	6.81%	4.69%
4/29/1997	11.70%	6.81%	4.89%
7/17/1997	12.00%	6.77%	5.23%
12/12/1997	11.00%	6.61%	4.39%
12/23/1997	11.12%	6.57%	4.55%
2/2/1998	12.75%	6.40%	6.35%
3/2/1998	11.25%	6.29%	4.96%
3/6/1998	10.75%	6.27%	4.48%
3/20/1998	10.50%	6.23%	4.27%
4/30/1998	12.20%	6.12%	6.08%
7/10/1998	11.40%	5.94%	5.46%
9/15/1998	11.90%	5.78%	6.12%
11/30/1998	12.60%	5.58%	7.02%
12/10/1998	12.20%	5.55%	6.65%
12/17/1998	12.10%	5.52%	6.58%
2/5/1999	10.30%	5.39%	4.91%
3/4/1999	10.50%	5.34%	5.16%
4/6/1999	10.94%	5.32%	5.62%
7/29/1999	10.75%	5.51%	5.24%
9/23/1999	10.75%	5.70%	5.05%

11/17/1999	11.10%	5.89%	5.21%
1/7/2000	11.50%	6.04%	5.46%
1/7/2000	11.50%	6.04%	5.46%
2/17/2000	10.60%	6.17%	4.43%
3/28/2000	11.25%	6.19%	5.06%
5/24/2000	11.00%	6.18%	4.82%
7/18/2000	12.20%	6.16%	6.04%
9/29/2000	11.16%	6.03%	5.13%
11/28/2000	12.90%	5.89%	7.01%
11/30/2000	12.10%	5.88%	6.22%
1/23/2001	11.25%	5.79%	5.46%
2/8/2001	11.50%	5.77%	5.73%
5/8/2001	10.75%	5.62%	5.13%
6/26/2001	11.00%	5.62%	5.38%
7/25/2001	11.02%	5.60%	5.42%
7/25/2001	11.02%	5.60%	5.42%
7/31/2001	11.00%	5.59%	5.41%
8/31/2001	10.50%	5.56%	4.94%
9/7/2001	10.75%	5.55%	5.20%
9/10/2001	11.00%	5.55%	5.45%
9/20/2001	10.00%	5.55%	4.45%
10/24/2001	10.30%	5.54%	4.76%
11/28/2001	10.60%	5.49%	5.11%
12/3/2001	12.88%	5.49%	7.39%
12/20/2001	12.50%	5.50%	7.00%
1/22/2002	10.00%	5.50%	4.50%
3/27/2002	10.10%	5.45%	4.65%
4/22/2002	11.80%	5.45%	6.35%
5/28/2002	10.17%	5.46%	4.71%
6/10/2002	12.00%	5.47%	6.53%
6/18/2002	11.16%	5.48%	5.68%
6/20/2002	11.00%	5.48%	5.52%
6/20/2002	12.30%	5.48%	6.82%
7/15/2002	11.00%	5.47%	5.53%
9/12/2002	12.30%	5.45%	6.85%
9/26/2002	10.45%	5.41%	5.04%
12/4/2002	11.55%	5.29%	6.26%
12/13/2002	11.75%	5.27%	6.48%
12/20/2002	11.40%	5.25%	6.15%
1/8/2003	11.10%	5.19%	5.91%
1/31/2003	12.45%	5.13%	7.32%
2/28/2003	12.30%	5.05%	7.25%
3/6/2003	10.75%	5.03%	5.72%
3/7/2003	9.96%	5.02%	4.94%
3/20/2003	12.00%	4.99%	7.01%
4/3/2003	12.00%	4.96%	7.04%
4/15/2003	11.15%	4.94%	6.21%
6/25/2003	10.75%	4.79%	5.96%
6/26/2003	10.75%	4.79%	5.96%
7/9/2003	9.75%	4.79%	4.96%
7/16/2003	9.75%	4.79%	4.96%
7/25/2003	9.50%	4.80%	4.70%
8/26/2003	10.50%	4.83%	5.67%
12/17/2003	9.85%	4.93%	4.92%
12/17/2003	10.70%	4.93%	5.77%
12/18/2003	11.50%	4.94%	6.56%
12/19/2003	12.00%	4.94%	7.06%
12/19/2003	12.00%	4.94%	7.06%
12/23/2003	10.50%	4.94%	5.56%
1/13/2004	12.00%	4.95%	7.05%
3/2/2004	10.75%	4.98%	5.77%
3/26/2004	10.25%	5.02%	5.23%
4/5/2004	11.25%	5.03%	6.22%
5/18/2004	10.50%	5.07%	5.43%
5/25/2004	10.25%	5.08%	5.17%
5/27/2004	10.25%	5.08%	5.17%
6/2/2004	11.22%	5.08%	6.14%
6/30/2004	10.50%	5.10%	5.40%
6/30/2004	10.50%	5.10%	5.40%
7/16/2004	11.60%	5.11%	6.49%
8/25/2004	10.25%	5.10%	5.15%
9/9/2004	10.40%	5.10%	5.30%
11/9/2004	10.50%	5.06%	5.44%
11/23/2004	11.00%	5.06%	5.94%
12/14/2004	10.97%	5.06%	5.91%
12/21/2004	11.25%	5.07%	6.18%
12/21/2004	11.50%	5.07%	6.43%
12/22/2004	10.70%	5.07%	5.63%
12/22/2004	11.50%	5.07%	6.43%

12/29/2004	9.85%	5.07%	4.78%
1/6/2005	10.70%	5.08%	5.62%
2/18/2005	10.30%	4.98%	5.32%
2/25/2005	10.50%	4.96%	5.54%
3/10/2005	11.00%	4.93%	6.07%
3/24/2005	10.30%	4.90%	5.40%
4/4/2005	10.00%	4.88%	5.12%
4/7/2005	10.25%	4.87%	5.38%
5/18/2005	10.25%	4.78%	5.47%
5/25/2005	10.75%	4.77%	5.98%
5/26/2005	9.75%	4.76%	4.99%
6/1/2005	9.75%	4.75%	5.00%
7/19/2005	11.50%	4.65%	6.85%
8/5/2005	11.75%	4.62%	7.13%
8/15/2005	10.13%	4.62%	5.51%
9/28/2005	10.00%	4.54%	5.46%
10/4/2005	10.75%	4.54%	6.21%
12/12/2005	11.00%	4.55%	6.45%
12/13/2005	10.75%	4.55%	6.20%
12/21/2005	10.29%	4.55%	5.74%
12/21/2005	10.40%	4.55%	5.85%
12/22/2005	11.00%	4.54%	6.46%
12/22/2005	11.15%	4.54%	6.61%
12/28/2005	10.00%	4.54%	5.46%
12/28/2005	10.00%	4.54%	5.46%
1/5/2006	11.00%	4.53%	6.47%
1/27/2006	9.75%	4.52%	5.23%
3/3/2006	10.39%	4.53%	5.86%
4/17/2006	10.20%	4.61%	5.59%
4/26/2006	10.60%	4.64%	5.96%
5/17/2006	11.60%	4.69%	6.91%
6/6/2006	10.00%	4.74%	5.26%
6/27/2006	10.75%	4.80%	5.95%
7/6/2006	10.20%	4.82%	5.38%
7/24/2006	9.60%	4.86%	4.74%
7/26/2006	10.50%	4.86%	5.64%
7/28/2006	10.05%	4.86%	5.19%
8/23/2006	9.55%	4.89%	4.66%
9/1/2006	10.54%	4.89%	5.65%
9/14/2006	10.00%	4.90%	5.10%
10/6/2006	9.67%	4.92%	4.75%
11/20/2006	9.80%	4.95%	4.85%
11/21/2006	10.08%	4.95%	5.13%
11/21/2006	10.08%	4.95%	5.13%
11/21/2006	10.12%	4.95%	5.17%
12/1/2006	10.25%	4.95%	5.30%
12/1/2006	10.50%	4.95%	5.55%
12/7/2006	10.75%	4.95%	5.80%
12/21/2006	10.90%	4.95%	5.95%
12/21/2006	11.25%	4.95%	6.30%
12/22/2006	10.25%	4.95%	5.30%
1/5/2007	10.00%	4.95%	5.05%
1/11/2007	10.10%	4.95%	5.15%
1/11/2007	10.10%	4.95%	5.15%
1/11/2007	10.90%	4.95%	5.95%
1/12/2007	10.10%	4.95%	5.15%
1/13/2007	10.40%	4.95%	5.45%
1/19/2007	10.80%	4.94%	5.86%
3/21/2007	11.35%	4.87%	6.48%
3/22/2007	9.75%	4.87%	4.88%
5/15/2007	10.00%	4.81%	5.19%
5/17/2007	10.25%	4.81%	5.44%
5/17/2007	10.25%	4.81%	5.44%
5/22/2007	10.20%	4.81%	5.39%
5/22/2007	10.50%	4.81%	5.69%
5/23/2007	10.70%	4.81%	5.89%
5/25/2007	9.67%	4.81%	4.86%
6/15/2007	9.90%	4.82%	5.08%
6/21/2007	10.20%	4.83%	5.37%
6/22/2007	10.50%	4.83%	5.67%
6/28/2007	10.75%	4.84%	5.91%
7/12/2007	9.67%	4.86%	4.81%
7/19/2007	10.00%	4.87%	5.13%
7/19/2007	10.00%	4.87%	5.13%
8/15/2007	10.40%	4.88%	5.52%
10/9/2007	10.00%	4.91%	5.09%
10/17/2007	9.10%	4.91%	4.19%
10/31/2007	9.96%	4.90%	5.06%
11/29/2007	10.90%	4.87%	6.03%

12/6/2007	10.75%	4.86%	5.89%
12/13/2007	9.90%	4.86%	5.04%
12/13/2007	9.96%	4.86%	5.10%
12/14/2007	10.70%	4.86%	5.84%
12/14/2007	10.80%	4.86%	5.94%
12/19/2007	10.20%	4.85%	5.35%
12/20/2007	10.20%	4.85%	5.35%
12/20/2007	11.00%	4.85%	6.15%
12/28/2007	10.25%	4.85%	5.40%
12/31/2007	11.25%	4.85%	6.40%
1/8/2008	10.75%	4.83%	5.92%
1/17/2008	10.75%	4.82%	5.93%
1/28/2008	9.40%	4.80%	4.60%
1/30/2008	10.00%	4.79%	5.21%
1/31/2008	10.71%	4.79%	5.92%
2/29/2008	10.25%	4.75%	5.50%
3/12/2008	10.25%	4.73%	5.52%
3/25/2008	9.10%	4.69%	4.41%
3/31/2008	12.12%	4.67%	7.45%
4/22/2008	10.25%	4.61%	5.64%
4/24/2008	10.10%	4.60%	5.50%
5/1/2008	10.70%	4.59%	6.11%
5/19/2008	11.00%	4.57%	6.43%
5/27/2008	10.00%	4.55%	5.45%
6/10/2008	10.70%	4.54%	6.16%
6/27/2008	10.50%	4.54%	5.96%
6/27/2008	11.04%	4.54%	6.50%
7/10/2008	10.43%	4.52%	5.91%
7/16/2008	9.40%	4.52%	4.88%
7/30/2008	10.80%	4.51%	6.29%
7/31/2008	10.70%	4.51%	6.19%
8/11/2008	10.25%	4.51%	5.74%
8/26/2008	10.18%	4.50%	5.68%
9/10/2008	10.30%	4.50%	5.80%
9/24/2008	10.65%	4.48%	6.17%
9/24/2008	10.65%	4.48%	6.17%
9/24/2008	10.65%	4.48%	6.17%
9/30/2008	10.20%	4.48%	5.72%
10/8/2008	10.15%	4.46%	5.69%
10/15/2008	10.10%	4.46%	5.64%
11/13/2008	10.55%	4.45%	6.10%
11/17/2008	10.20%	4.44%	5.76%
12/1/2008	10.25%	4.40%	5.85%
12/23/2008	11.00%	4.27%	6.73%
12/29/2008	10.00%	4.24%	5.76%
12/29/2008	10.20%	4.24%	5.96%
12/31/2008	10.75%	4.22%	6.53%
1/14/2009	10.50%	4.15%	6.35%
1/14/2009	10.60%	4.15%	6.45%
1/21/2009	10.50%	4.12%	6.38%
1/21/2009	10.50%	4.12%	6.38%
1/21/2009	10.50%	4.12%	6.38%
1/27/2009	10.76%	4.09%	6.67%
1/30/2009	10.50%	4.08%	6.42%
2/4/2009	8.75%	4.06%	4.69%
3/4/2009	10.50%	3.97%	6.53%
3/12/2009	11.50%	3.93%	7.57%
4/2/2009	11.10%	3.86%	7.24%
4/21/2009	10.61%	3.80%	6.81%
4/24/2009	10.00%	3.79%	6.21%
4/30/2009	11.25%	3.78%	7.47%
5/4/2009	10.74%	3.77%	6.97%
5/20/2009	10.25%	3.75%	6.50%
5/28/2009	10.50%	3.75%	6.75%
5/29/2009	10.50%	3.75%	6.75%
6/22/2009	10.00%	3.77%	6.23%
6/24/2009	10.80%	3.77%	7.03%
7/8/2009	10.63%	3.77%	6.86%
7/17/2009	10.50%	3.78%	6.72%
8/31/2009	10.25%	3.82%	6.43%
10/14/2009	10.70%	4.01%	6.69%
10/23/2009	10.88%	4.05%	6.83%
11/2/2009	10.70%	4.09%	6.61%
11/3/2009	10.70%	4.09%	6.61%
11/24/2009	10.25%	4.15%	6.10%
11/25/2009	10.75%	4.15%	6.60%
11/30/2009	10.35%	4.16%	6.19%
12/3/2009	10.50%	4.17%	6.33%
12/7/2009	10.70%	4.18%	6.52%

12/16/2009	10.90%	4.21%	6.69%
12/16/2009	11.00%	4.21%	6.79%
12/18/2009	10.40%	4.22%	6.18%
12/18/2009	10.40%	4.22%	6.18%
12/22/2009	10.20%	4.23%	5.97%
12/22/2009	10.40%	4.23%	6.17%
12/22/2009	10.40%	4.23%	6.17%
12/30/2009	10.00%	4.26%	5.74%
1/4/2010	10.80%	4.27%	6.53%
1/11/2010	11.00%	4.30%	6.70%
1/26/2010	10.13%	4.35%	5.78%
1/27/2010	10.40%	4.35%	6.05%
1/27/2010	10.40%	4.35%	6.05%
1/27/2010	10.70%	4.35%	6.35%
2/9/2010	9.80%	4.38%	5.42%
2/18/2010	10.60%	4.40%	6.20%
2/24/2010	10.18%	4.41%	5.77%
3/2/2010	9.63%	4.41%	5.22%
3/4/2010	10.50%	4.41%	6.09%
3/5/2010	10.50%	4.41%	6.09%
3/11/2010	11.90%	4.42%	7.48%
3/11/2010	12.30%	4.42%	7.88%
3/11/2010	12.30%	4.42%	7.88%
3/17/2010	10.00%	4.42%	5.58%
3/25/2010	10.15%	4.42%	5.73%
4/2/2010	10.10%	4.43%	5.67%
4/27/2010	10.00%	4.46%	5.54%
4/29/2010	9.90%	4.46%	5.44%
4/29/2010	10.06%	4.46%	5.60%
4/29/2010	10.26%	4.46%	5.80%
5/12/2010	10.30%	4.46%	5.84%
5/12/2010	10.30%	4.46%	5.84%
5/28/2010	10.10%	4.44%	5.66%
5/28/2010	10.20%	4.44%	5.76%
6/7/2010	10.30%	4.44%	5.86%
6/16/2010	10.00%	4.44%	5.56%
6/28/2010	9.67%	4.43%	5.24%
6/28/2010	10.50%	4.43%	6.07%
6/30/2010	9.40%	4.43%	4.97%
7/1/2010	10.25%	4.43%	5.82%
7/15/2010	10.53%	4.43%	6.10%
7/15/2010	10.70%	4.43%	6.27%
7/30/2010	10.70%	4.41%	6.29%
8/4/2010	10.50%	4.41%	6.09%
8/6/2010	9.83%	4.41%	5.42%
8/25/2010	9.90%	4.37%	5.53%
9/3/2010	10.60%	4.35%	6.25%
9/14/2010	10.70%	4.33%	6.37%
9/16/2010	10.00%	4.33%	5.67%
9/16/2010	10.00%	4.33%	5.67%
9/30/2010	9.75%	4.29%	5.46%
9/30/2010	11.00%	4.29%	6.71%
10/14/2010	10.35%	4.24%	6.11%
10/28/2010	10.70%	4.21%	6.49%
11/2/2010	10.38%	4.20%	6.18%
11/4/2010	10.70%	4.20%	6.50%
11/19/2010	10.20%	4.18%	6.02%
11/22/2010	10.00%	4.18%	5.82%
12/1/2010	10.13%	4.16%	5.97%
12/6/2010	9.86%	4.16%	5.70%
12/9/2010	10.25%	4.15%	6.10%
12/13/2010	10.70%	4.15%	6.55%
12/14/2010	10.13%	4.15%	5.98%
12/15/2010	10.44%	4.15%	6.29%
12/17/2010	10.00%	4.15%	5.85%
12/20/2010	10.60%	4.15%	6.45%
12/21/2010	10.30%	4.15%	6.15%
12/27/2010	9.90%	4.14%	5.76%
12/29/2010	11.15%	4.14%	7.01%
1/5/2011	10.15%	4.13%	6.02%
1/12/2011	10.30%	4.13%	6.17%
1/13/2011	10.30%	4.13%	6.17%
1/18/2011	10.00%	4.12%	5.88%
1/20/2011	9.30%	4.12%	5.18%
1/20/2011	10.13%	4.12%	6.01%
1/31/2011	9.60%	4.12%	5.48%
2/3/2011	10.00%	4.12%	5.88%
2/25/2011	10.00%	4.14%	5.86%
3/22/2011	12.30%	4.17%	8.13%

3/22/2011	12.30%	4.17%	8.13%
3/25/2011	9.80%	4.18%	5.62%
3/30/2011	10.00%	4.18%	5.82%
4/12/2011	10.00%	4.21%	5.79%
4/25/2011	10.74%	4.23%	6.51%
4/26/2011	9.67%	4.23%	5.44%
4/27/2011	10.40%	4.23%	6.17%
5/4/2011	10.00%	4.24%	5.76%
5/4/2011	10.00%	4.24%	5.76%
5/13/2011	11.35%	4.25%	7.10%
5/24/2011	10.50%	4.27%	6.23%
6/8/2011	10.75%	4.30%	6.45%
6/16/2011	9.20%	4.31%	4.89%
6/17/2011	9.95%	4.31%	5.64%
7/13/2011	10.20%	4.36%	5.84%
8/1/2011	9.20%	4.38%	4.82%
8/8/2011	10.00%	4.38%	5.62%
8/11/2011	10.00%	4.37%	5.63%
8/12/2011	10.35%	4.37%	5.98%
8/19/2011	10.25%	4.36%	5.89%
9/2/2011	12.88%	4.32%	8.56%
9/22/2011	10.00%	4.24%	5.76%
10/12/2011	10.30%	4.14%	6.16%
10/20/2011	10.50%	4.10%	6.40%
11/30/2011	10.90%	3.88%	7.02%
12/14/2011	10.00%	3.80%	6.20%
12/14/2011	10.30%	3.80%	6.50%
12/20/2011	10.20%	3.77%	6.43%
12/21/2011	10.20%	3.76%	6.44%
12/22/2011	9.90%	3.75%	6.15%
12/22/2011	10.40%	3.75%	6.65%
12/23/2011	10.19%	3.75%	6.44%
1/3/2012	11.40%	3.69%	7.71%
1/25/2012	10.50%	3.57%	6.93%
1/27/2012	10.50%	3.56%	6.94%
2/2/2012	11.40%	3.53%	7.87%
2/15/2012	10.20%	3.48%	6.72%
2/23/2012	9.90%	3.44%	6.46%
2/27/2012	10.25%	3.43%	6.82%
2/29/2012	10.40%	3.42%	6.98%
3/16/2012	12.40%	3.36%	9.04%
3/20/2012	11.40%	3.35%	8.05%
3/23/2012	11.40%	3.34%	8.06%
3/29/2012	10.37%	3.32%	7.05%
4/4/2012	10.00%	3.30%	6.70%
4/26/2012	10.00%	3.21%	6.79%
5/2/2012	10.00%	3.19%	6.81%
5/7/2012	9.80%	3.17%	6.63%
5/15/2012	10.00%	3.15%	6.85%
5/29/2012	10.05%	3.11%	6.94%
6/7/2012	10.30%	3.08%	7.22%
6/14/2012	9.40%	3.06%	6.34%
6/15/2012	10.40%	3.06%	7.34%
6/18/2012	9.60%	3.06%	6.54%
6/19/2012	9.25%	3.05%	6.20%
6/26/2012	10.10%	3.04%	7.06%
6/29/2012	10.00%	3.04%	6.96%
7/9/2012	10.20%	3.03%	7.17%
7/16/2012	9.80%	3.02%	6.78%
7/20/2012	9.31%	3.01%	6.30%
7/20/2012	9.81%	3.01%	6.80%
9/13/2012	9.80%	2.94%	6.86%
9/19/2012	9.80%	2.94%	6.86%
9/19/2012	10.05%	2.94%	7.11%
9/26/2012	9.50%	2.94%	6.56%
10/12/2012	9.60%	2.93%	6.67%
10/23/2012	9.75%	2.93%	6.82%
10/24/2012	10.30%	2.93%	7.37%
Average			4.34%
Number of Cases			1,364

Line Description		IMPLIED GROWTH RATE AT ALLOWED ROE:	
Input	Dividend Yield	3.98%	[1]
Assumes g = Allowed ROE - Div. Yield	Assumed Growth Rate	6.54%	
Input	Total Return	10.53%	[1]
Input	Payout Ratio	80.00%	[2]
Input	Book Value/Share	20	[2]

		0	1	2	3	4	5	6	7	8	9	10
BV/S Escalates at Constant Growth g	Book Value/Share	\$ 20.00	\$ 21.31	\$ 22.70	\$ 24.19	\$ 25.77	\$ 27.46	\$ 29.25	\$ 31.17	\$ 33.21	\$ 35.38	\$ 37.69
Demonstrating Constant BV/S growth			6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%
Earnings based on ROE applied to BV/S	Earnings/share	\$ 2.11	\$ 2.24	\$ 2.39	\$ 2.55	\$ 2.71	\$ 2.89	\$ 3.08	\$ 3.28	\$ 3.49	\$ 3.72	\$ 3.97
Demonstrating Constant EPS growth			6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%
Demonstrating Constant Return Earned based on BV/S and EPS	Allowed ROE	10.53%	10.53%	10.53%	10.53%	10.53%	10.53%	10.53%	10.53%	10.53%	10.53%	10.53%
Div/S based on EPS and Constant Payout ratio	Dividends/Share	\$ 1.68	\$ 1.79	\$ 1.91	\$ 2.04	\$ 2.17	\$ 2.31	\$ 2.46	\$ 2.62	\$ 2.80	\$ 2.98	\$ 3.17
Demonstrating Constant Div/S growth			6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%
Retained Earnings based on difference between EPS and Div/S	Earnings retained to book value	\$ 0.42	\$ 0.45	\$ 0.48	\$ 0.51	\$ 0.54	\$ 0.58	\$ 0.62	\$ 0.66	\$ 0.70	\$ 0.74	\$ 0.79
Demonstrating Constant growth in Retained Earnings			6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%
Demonstrating Constant Market/Book ratio	Market/Book Ratio	2.252	2.252	2.252	2.252	2.252	2.252	2.252	2.252	2.252	2.252	2.252
DCF calculation of market price = [Div/S]*[1+g]/[ROE-g]	Market Price	\$ 45.05	\$ 47.99	\$ 51.13	\$ 54.48	\$ 58.04	\$ 61.84	\$ 65.89	\$ 70.20	\$ 74.79	\$ 79.68	\$ 84.89
Demonstrating Price Appreciation equals Long Term Growth Rate	Price Appreciation	6.54%	OK	<== Price appreciation should equal long term growth rate								
Demonstrating Constant Price/Earnings Ratio	Price/Earnings	21.40	21.40	21.40	21.40	21.40	21.40	21.40	21.40	21.40	21.40	21.40
Present Value Factor calculated based upon the current period and the Constant ROE	Present Value Factor		0.9048	0.8186	0.7407	0.6701	0.6063	0.5486	0.4963	0.4491	0.4063	0.3676

CASE 1	DIVIDENDS IN PERPETUITY											
Present value of Div/S obtained by multiplying nominal Div/S by the Present Value Factor for the period	Present Value Dividend	1.6234	1.5649	1.5085	1.4541	1.4017	1.3512	1.3025	1.2556	1.2103	1.1667	
Total Value of investment sum of all Present Value Dividends in perpetuity (250 instances for demonstration purposes)	Value of Investment	\$ 45.04										

CASE 2	10-YEAR HOLDING PERIOD											
Present value of Div/S obtained by multiplying nominal Div/S by the Present Value Factor for the period	Present Value of Dividend	\$ 1.62	\$ 1.56	\$ 1.51	\$ 1.45	\$ 1.40	\$ 1.35	\$ 1.30	\$ 1.26	\$ 1.21	\$ 1.17	
Present value of Stock Price obtained by multiplying nominal Stock Price by the Present Value Factor for the 10th Period (Terminal Value)	Present Value of Stock Price	--	--	--	--	--	--	--	--	--	31.21	
Value of dividends = sum of all Present Value Dividends for periods 1-10	Value of Dividends	\$ 13.84										
Present value of Stock Price obtained by multiplying nominal Stock Price by the Present Value Factor for the 10th Period (Terminal Value)	Value of Stock Price	\$ 31.21										
Total Value of investment sum of all Present Value Dividends for periods 1-10 and Present Value of Stock in period 10 (Terminal Value)	Value of Investment	\$ 45.05										

CASE 3	5-YEAR HOLDING PERIOD						
Present value of Div/S obtained by multiplying nominal Div/S by the Present Value Factor for the period	Present Value of Dividend	\$ 1.62	\$ 1.56	\$ 1.51	\$ 1.45	\$ 1.40	
Present value of Stock Price obtained by multiplying nominal Stock Price by the Present Value Factor for the 5th Period (Terminal Value)	Present Value of Stock Price	--	--	--	--	37.49	
Value of dividends = sum of all Present Value Dividends for periods 1-5	Value of Dividends	\$ 7.55					
Present value of Stock Price obtained by multiplying nominal Stock Price by the Present Value Factor for the 5th Period (Terminal Value)	Value of Stock Price	\$ 37.49					
Total Value of investment sum of all Present Value Dividends for periods 1-5 and Present Value of Stock in period 5 (Terminal Value)	Value of Investment	\$ 45.05					

[1] Source: Rebuttal Exhibit No.____(RBH-1). Note, for purposes of this exhibit, these data are illustrative only.
[2] Note: illustrative only.

Line Description	IMPLIED GROWTH RATE AT ALLOWED F
Input	Dividend Yield
Assumes g = Allowed ROE - Div. Yield	Assumed Growth Rate
Input	Total Return
Input	Payout Ratio
Input	Book Value/Share

		90	91	92	93	94	95	96	97	98	99	100	250
BV/S Escalates at Constant Growth g	Book Value/Share	\$ 5,997.77	\$ 6,390.15	\$ 6,808.21	\$ 7,253.62	\$ 7,728.17	\$ 8,233.76	\$ 8,772.44	\$ 9,346.35	\$ 9,957.81	\$ 10,609.27	\$ 11,303.35	\$ 151,870,400.78
Demonstrating Constant BV/S growth		6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%
Earnings based on ROE applied to BV/S	Earnings/share	\$ 631.28	\$ 672.58	\$ 716.58	\$ 763.47	\$ 813.41	\$ 866.63	\$ 923.32	\$ 983.73	\$ 1,048.09	\$ 1,116.66	\$ 1,189.71	\$ 15,984,808.74
Demonstrating Constant EPS growth		6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%
Demonstrating Constant Return Earned based on BV/S and EPS	Allowed ROE	10.53%	10.53%	10.53%	10.53%	10.53%	10.53%	10.53%	10.53%	10.53%	10.53%	10.53%	10.53%
Div/S based on EPS and Constant Payout ratio	Dividends/Share	\$ 505.03	\$ 538.07	\$ 573.27	\$ 610.77	\$ 650.73	\$ 693.30	\$ 738.66	\$ 786.98	\$ 838.47	\$ 893.33	\$ 951.77	\$ 12,787,846.99
Demonstrating Constant Div/S growth		6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%
Retained Earnings based on difference between EPS and Div/S	Earnings retained to book value	\$ 126.26	\$ 134.52	\$ 143.32	\$ 152.69	\$ 162.68	\$ 173.33	\$ 184.66	\$ 196.75	\$ 209.62	\$ 223.33	\$ 237.94	\$ 3,196,961.75
Demonstrating Constant growth in Retained Earnings		6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%
Demonstrating Constant Market/Book ratio	Market/Book Ratio	2.252	2.252	2.252	2.252	2.252	2.252	2.252	2.252	2.252	2.252	2.252	2.252
DCF calculation of market price = [Div/S]/[1+g]/[ROE-g]	Market Price	\$ 13,508.83	\$ 14,392.61	\$ 15,334.21	\$ 16,337.41	\$ 17,406.24	\$ 18,544.99	\$ 19,758.25	\$ 21,050.88	\$ 22,428.08	\$ 23,895.37	\$ 25,458.66	\$ 342,059,350.51
Demonstrating Price Appreciation equals Long Term Growth Rate	Price Appreciation												
Demonstrating Constant Price/Earnings Ratio	Price/Earnings	21.40	21.40	21.40	21.40	21.40	21.40	21.40	21.40	21.40	21.40	21.40	21.40
Present Value Factor calculated based upon the current period and the Constant ROE	Present Value Factor	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0000	0.0000	0.0000

CASE 1	DIVIDENDS IN PERPETUITY
Present value of Div/S obtained by multiplying nominal Div/S by the Present Value Factor for the period	Present Value Dividend
Total Value of investment sum of all Present Value Dividends in perpetuity (250 instances for demonstration purposes)	Value of Investment

CASE 2	10-YEAR HOLDING PERIOD
Present value of Div/S obtained by multiplying nominal Div/S by the Present Value Factor for the period	Present Value of Dividend
Present value of Stock Price obtained by multiplying nominal Stock Price by the Present Value Factor for the 10th Period (Terminal Value)	Present Value of Stock Price
Value of dividends = sum of all Present Value Dividends for periods 1-10	Value of Dividends
Present value of Stock Price obtained by multiplying nominal Stock Price by the Present Value Factor for the 10th Period (Terminal Value)	Value of Stock Price
Total Value of investment sum of all Present Value Dividends for periods 1-10 and Present Value of Stock in period 10 (Terminal Value)	Value of Investment

CASE 3	5-YEAR HOLDING PERIOD
Present value of Div/S obtained by multiplying nominal Div/S by the Present Value Factor for the period	Present Value of Dividend
Present value of Stock Price obtained by multiplying nominal Stock Price by the Present Value Factor for the 5th Period (Terminal Value)	Present Value of Stock Price
Value of dividends = sum of all Present Value Dividends for periods 1-5	Value of Dividends
Present value of Stock Price obtained by multiplying nominal Stock Price by the Present Value Factor for the 5th Period (Terminal Value)	Value of Stock Price
Total Value of investment sum of all Present Value Dividends for periods 1-5 and Present Value of Stock in period 5 (Terminal Value)	Value of Investment

[1] Source: Rebuttal Exhibit No.____(RBH-1). Note, for purposes of this exhibit, these data are illustrative only.
[2] Note: illustrative only.

Growth Rate Regressions

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]
		360-day Avg. Enterprise Value to EBIT	5-Year Historical			5-Year Projected		
			EPS Growth Rate	Dividend Growth Rate	Book Value Growth Rate	EPS Growth Rate	Dividend Growth Rate	Book Value Growth Rate
Avista Corp.	AVA	11.78	9.5%	12.5%	4.0%	3.9%	5.0%	3.0%
American Electric Power Company, Inc.	AEP	12.56	1.5%	4.0%	5.0%	3.3%	3.5%	4.0%
Cleco Corporation	CNL	12.02	10.0%	2.0%	10.0%	4.2%	11.5%	6.0%
Consolidated Edison, Inc.	ED	12.27	4.5%	1.0%	4.5%	3.4%	1.0%	3.5%
Dominion Resources, Inc.	D	16.04	6.5%	6.5%	3.5%	5.2%	6.0%	5.0%
DTE Energy Company	DTE	12.37	5.0%	1.5%	4.0%	4.8%	4.0%	4.0%
Empire District Electric Company	EDE	12.66	3.0%	-3.5%	1.0%	8.1%	2.0%	2.5%
Exelon Corporation	EXC	10.99	4.5%	7.0%	7.5%	2.9%	0.0%	6.0%
FirstEnergy Corp.	FE	13.93	-2.0%	4.0%	1.5%	2.9%	1.5%	4.0%
Great Plains Energy Inc.	GXP	14.44	-9.5%	-13.0%	5.5%	8.1%	5.0%	2.0%
IDACORP, Inc.	IDA	19.28	8.5%	NA	5.0%	3.3%	8.0%	4.0%
MGE Energy, Inc.	MGEE	12.56	6.5%	1.5%	6.0%	4.3%	3.5%	5.0%
Northeast Utilities	NU	17.77	18.0%	8.5%	3.5%	7.1%	8.5%	8.0%
OGE Energy Corp.	OGE	13.01	8.5%	2.0%	8.5%	5.1%	4.5%	7.0%
Otter Tail Corporation	OTTR	22.66	-14.5%	1.5%	5.0%	11.3%	1.5%	2.5%
Pinnacle West Capital Corporation	PNW	11.88	1.0%	1.5%	NA	5.8%	2.5%	3.5%
PNM Resources, Inc.	PNM	13.35	-12.0%	-8.0%	-1.0%	11.3%	12.0%	3.0%
Portland General Electric Company	POR	12.04	8.5%	NMF	2.0%	4.4%	3.5%	3.5%
PPL Corporation	PPL	11.74	NA	7.5%	7.0%	6.5%	3.5%	7.0%
Public Service Enterprise Group Incorporated	PEG	8.76	12.5%	4.0%	8.5%	1.2%	2.0%	5.5%
Sempra Energy	SRE	14.79	2.5%	8.5%	9.5%	5.3%	9.0%	5.0%
Southern Company	SO	14.56	3.0%	4.0%	6.0%	5.1%	4.0%	5.0%
UNS Energy Corporation	UNS	11.65	13.0%	14.5%	5.0%	6.6%	7.5%	3.0%
Vectren Corporation	VVC	11.95	1.0%	3.0%	3.5%	5.0%	2.5%	3.0%
Westar Energy, Inc.	WR	13.39	1.0%	7.0%	6.0%	5.7%	3.0%	5.0%

Notes:

- [1] Source: Bloomberg Professional Service
[2] Source: Value Line
[3] Source: Value Line
[4] Source: Value Line
[5] Source: Average of Value Line, Zacks, and Yahoo! Finance
[6] Source: Value Line
[7] Source: Value Line

Growth Rate Regressions

SUMMARY OUTPUT

Regression Statistics			
Multiple R	0.329613	X-variable = Historical EPS Growth Rates	
R Square	0.108644	Y-variable = 360-day average EV/EBIT	
Adjusted R Square	0.068128		
Standard Error	2.815889		
Observations	24		

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	21.262287	21.262287	2.681508	0.115745
Residual	22	174.443020	7.929228		
Total	23	195.705307			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	14.086637	0.643690	21.884193	0.000000	12.751706	15.421568	12.751706	15.421568
X Variable 1	-12.582550	7.683855	-1.637531	0.115745	-28.517889	3.352789	-28.517889	3.352789

SUMMARY OUTPUT

Regression Statistics			
Multiple R	0.087278	X-variable = Historical DPS Growth Rates	
R Square	0.007618	Y-variable = 360-day average EV/EBIT	
Adjusted R Square	-0.039639		
Standard Error	2.775797		
Observations	23		

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	1.242022	1.242022	0.161196	0.692114
Residual	21	161.806040	7.705050		
Total	22	163.048062			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	13.486977	0.668420	20.177386	0.000000	12.096921	14.877033	12.096921	14.877033
X Variable 1	-3.983752	9.922369	-0.401492	0.692114	-24.618449	16.650944	-24.618449	16.650944

SUMMARY OUTPUT

Regression Statistics			
Multiple R	0.147584	X-variable = Historical BPS Growth Rates	
R Square	0.021781	Y-variable = 360-day average EV/EBIT	
Adjusted R Square	-0.022684		
Standard Error	2.953710		
Observations	24		

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	4.273661	4.273661	0.489851	0.491329
Residual	22	191.936922	8.724406		
Total	23	196.210583			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	14.416598	1.305296	11.044700	0.000000	11.709581	17.123615	11.709581	17.123615
X Variable 1	-16.071474	22.962734	-0.699894	0.491329	-63.693270	31.550322	-63.693270	31.550322

Growth Rate Regressions

SUMMARY OUTPUT

Regression Statistics								
Multiple R	0.486619	X-variable = Projected EPS Growth Rates						
R Square	0.236798	Y-variable = 360-day average EV/EBIT						
Adjusted R Square	0.203616							
Standard Error	2.570215							
Observations	25							
ANOVA								
	df	SS	MS	F	Significance F			
Regression	1	47.141750	47.141750	7.136197	0.013635			
Residual	23	151.938104	6.606005					
Total	24	199.079854						
	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	10.406695	1.279651	8.132447	0.000000	7.759535	13.053855	7.759535	13.053855
X Variable 1	58.122538	21.757608	2.671366	0.013635	13.113496	103.131580	13.113496	103.131580

SUMMARY OUTPUT

Regression Statistics

Multiple R

0.190339

X-variable = Projected DPS Growth Rates

R Square

0.036229

Y-variable = 360-day average EV/EBIT

Adjusted R Square

-0.005674

Standard Error

2.888263

Observations

25

ANOVA

	df	SS	MS	F	Significance F
Regression	1	7.212434	7.212434	0.864587	0.362116
Residual	23	191.867420	8.342062		
Total	24	199.079854			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	12.744682	1.029609	12.378180	0.000000	10.614774	14.874590	10.614774	14.874590
X Variable 1	17.228117	18.528214	0.929831	0.362116	-21.100415	55.556648	-21.100415	55.556648

SUMMARY OUTPUT

Regression Statistics

Multiple R

0.076251

X-variable = Projected BPS Growth Rates

R Square

0.005814

Y-variable = 360-day average EV/EBIT

Adjusted R Square

-0.037411

Standard Error

2.933483

Observations

25

ANOVA

df

SS

MS

F

Significance F

Regression

1

1.157491

1.157491

0.134509

0.717155

Residual

23

197.922364

8.605320

Total

24

199.079854

Coefficients

Standard Error

t Stat

P-value

Lower 95%

Upper 95%

Lower 95.0%

Upper 95.0%

Intercept

14.156094

1.786633

7.923334

0.000000

10.460161

17.852026

10.460161

17.852026

X Variable 1

-14.066331

38.353551

-0.366754

0.717155

-93.406697

65.274035

-93.406697

65.274035

O'Donnell Projected EPS Growth Rates

Remove Negative Values					
Company	Ticker	Schwab		Value Line	
		As shown	Corrected	As shown	Corrected
Avista Corporation	AVA	4.50%	4.50%	5.50%	5.50%
Consolidated Edison, Inc.	ED	3.20%	3.20%	4.00%	4.00%
DTE Energy Company	DTE	4.40%	4.40%	5.00%	5.00%
Dominion Resources, Inc.	D	5.70%	5.70%	5.00%	5.00%
Empire District Electric Company	EDE	n/a	n/a	6.00%	6.00%
Exelon Corporation	EXC	-2.20%		-2.00%	
FirstEnergy Corp.	FE	3.30%	3.30%	5.00%	5.00%
IDACORP, Inc.	IDA	4.00%	4.00%	2.00%	2.00%
MGE Energy, Inc.	MGEE	4.00%	4.00%	5.00%	5.00%
Northeast Utilities	NU	5.60%	5.60%	8.00%	8.00%
OGE Energy Corp.	OGE	5.30%	5.30%	4.50%	4.50%
PPL Corporation	PPL	-1.00%		6.50%	6.50%
Public Service Enterprise Group Incorporated	PEG	5.50%	5.50%	-0.50%	
Sempra Energy	SRE	6.50%	6.50%	4.50%	4.50%
Southern Company	SO	5.40%	5.40%	5.00%	5.00%
UNS Energy Corporation	UNS	8.00%	8.00%	5.50%	5.50%
Vectren Corporation	VVC	5.00%	5.00%	5.50%	5.50%
Westar Energy, Inc.	WR	5.50%	5.50%	6.50%	6.50%
	AVERAGE	4.28%	5.06%	4.50%	5.22%
	MEDIAN	5.00%	5.30%	5.00%	5.00%

Remove Growth Rates for Transmission and Distribution-Only Utilities

Company	Ticker	Schwab		Value Line	
		As shown	Corrected	As shown	Corrected
Avista Corporation	AVA	4.50%	4.50%	5.50%	5.50%
Consolidated Edison, Inc.	ED	3.20%		4.00%	
DTE Energy Company	DTE	4.40%	4.40%	5.00%	5.00%
Dominion Resources, Inc.	D	5.70%	5.70%	5.00%	5.00%
Empire District Electric Company	EDE	n/a	n/a	6.00%	6.00%
Exelon Corporation	EXC	-2.20%		-2.00%	
FirstEnergy Corp.	FE	3.30%		5.00%	
IDACORP, Inc.	IDA	4.00%	4.00%	2.00%	2.00%
MGE Energy, Inc.	MGEE	4.00%	4.00%	5.00%	5.00%
Northeast Utilities	NU	5.60%	5.60%	8.00%	8.00%
OGE Energy Corp.	OGE	5.30%	5.30%	4.50%	4.50%
PPL Corporation	PPL	-1.00%		6.50%	6.50%
Public Service Enterprise Group Incorporated	PEG	5.50%		-0.50%	
Sempra Energy	SRE	6.50%	6.50%	4.50%	4.50%
Southern Company	SO	5.40%	5.40%	5.00%	5.00%
UNS Energy Corporation	UNS	8.00%	8.00%	5.50%	5.50%
Vectren Corporation	VVC	5.00%	5.00%	5.50%	5.50%
Westar Energy, Inc.	WR	5.50%	5.50%	6.50%	6.50%
	AVERAGE	4.28%	5.33%	4.50%	5.32%
	MEDIAN	5.00%	5.35%	5.00%	5.25%

Source: Exhibit KWO-1

Value Line Projected Growth Rates

Company	Ticker	[1] Return on Equity	[2] Retention Rate	[3] Internal Growth	[4] Retained to Common Equity	[5] Difference
Avista Corporation	AVA	8.50%	37.00%	3.15%	3.00%	-0.15%
Consolidated Edison, Inc.	ED	9.00%	42.00%	3.78%	4.00%	0.22%
Dominion Resources, Inc.	D	14.50%	32.00%	4.64%	4.50%	-0.14%
DTE Energy Company	DTE	9.50%	42.00%	3.99%	4.00%	0.01%
Empire District Electric Company	EDE	9.00%	30.00%	2.70%	3.00%	0.30%
Exelon Corporation	EXC	12.50%	40.00%	5.00%	5.00%	0.00%
FirstEnergy Corp.	FE	10.00%	36.00%	3.60%	3.50%	-0.10%
IDACORP, Inc.	IDA	8.50%	44.00%	3.74%	4.00%	0.26%
MGE Energy, Inc.	MGEE	11.00%	26.00%	2.86%	3.00%	0.14%
Northeast Utilities	NU	9.50%	47.00%	4.47%	4.50%	0.04%
OGE Energy Corp.	OGE	11.00%	55.00%	6.05%	6.00%	-0.05%
PPL Corporation	PPL	11.50%	42.00%	4.83%	5.00%	0.17%
Public Service Enterprise Group Incorporated	PEG	11.00%	47.00%	5.17%	5.50%	0.33%
Sempra Energy	SRE	11.50%	53.00%	6.10%	6.00%	-0.10%
Southern Company	SO	12.50%	31.00%	3.88%	4.00%	0.12%
UNS Energy Corporation	UNS	14.00%	40.00%	5.60%	5.50%	-0.10%
Vectren Corporation	VVC	11.50%	33.00%	3.80%	3.50%	-0.29%
Westar Energy, Inc.	WR	8.50%	40.00%	3.40%	3.50%	0.10%
Average				4.26%	4.31%	0.04%

Notes:

- [1] Source: Value Line
[2] Source: Value Line
[3] Equals Column [1] X Column [2]
[4] Source: Value Line
[5] Column [4] - Column [3]

DuPont Formula

Year	Profit Margin	Asset Turnover	Equity Multiplier	Return on Equity
2007	8.47%	66.78%	228.88%	12.25%
2008	8.09%	64.92%	239.05%	11.90%
2009	9.25%	54.63%	234.81%	11.37%
2010	9.67%	52.84%	234.17%	11.41%
2011	9.85%	49.93%	236.87%	11.04%
5-year Projection	10.94%	46.23%	231.51%	10.85%
2009 - 2011	9.59%	52.47%	235.29%	11.27%
5-year Projection	10.94%	46.23%	231.51%	10.85%
Difference	1.35%	-6.24%	-3.78%	-0.42%

															Common	Book	Reported			Calculated	Common	
		Net Profit	Revenue	Net Plant	Total Capital	Equity Ratio	Value per Share	Shares Outstanding	Return on Com Equity	Profit Margin	Asset Turnover	Equity Multiplier	Return on Equity	Equity Check	ROE Check							
AVA	2007	\$ 38.50	\$ 1,417.80	\$ 2,351.30	\$ 1,548.90	59.00%	\$ 17.27	52.91	4.20%	2.72%	60.30%	257.30%	4.21%	99.99%	100.31%							
	2008	73.60	1,676.80	2,492.20	1,919.50	51.90%	18.30	54.49	7.40%	4.39%	67.28%	250.17%	7.39%	100.10%	99.84%							
	2009	87.10	1,512.60	2,607.00	2,139.00	49.10%	19.17	54.84	8.30%	5.76%	58.02%	248.23%	8.29%	100.10%	99.92%							
	2010	92.40	1,558.70	2,714.20	2,325.30	48.40%	19.71	57.12	8.20%	5.93%	57.43%	241.17%	8.21%	100.03%	100.12%							
	2011	100.20	1,619.80	2,860.80	2,439.90	48.60%	20.30	58.42	8.50%	6.19%	56.62%	241.26%	8.45%	100.01%	99.41%							
	2015-2017	125.00	1,900.00	3,475.00	3,050.00	47.50%	23.25	62.00	8.50%	6.58%	54.68%	239.86%	8.63%	99.50%	101.51%							
ED	2007	\$ 936.00	\$ 13,120.00	\$ 19,914.00	\$ 16,687.00	53.10%	\$ 32.58	272.02	10.40%	7.13%	65.88%	224.74%	10.56%	100.02%	101.57%							
	2008	933.00	13,583.00	20,874.00	19,160.00	50.60%	35.43	273.72	9.50%	6.87%	65.07%	215.31%	9.62%	100.03%	101.30%							
	2009	868.00	13,032.00	22,464.00	20,330.00	50.40%	36.46	281.12	8.40%	6.66%	58.01%	219.24%	8.47%	100.03%	100.85%							
	2010	992.00	13,325.00	23,863.00	21,952.00	50.40%	37.93	291.62	8.90%	7.44%	55.84%	215.69%	8.97%	99.98%	100.74%							
	2011	1,062.00	12,938.00	25,093.00	21,794.00	52.50%	39.05	292.89	9.20%	8.21%	51.56%	219.31%	9.28%	99.96%	100.89%							
	2015-2017	1,260.00	14,150.00	30,200.00	25,300.00	54.50%	47.00	293.00	9.00%	8.90%	46.85%	219.02%	9.14%	99.87%	101.53%							
D	2007	\$ 1,414.00	15,674.00	\$ 21,352.00	\$ 22,898.00	41.10%	\$ 16.31	576.80	14.90%	9.02%	73.41%	226.88%	15.02%	99.96%	100.84%							
	2008	1,781.00	16,290.00	23,274.00	25,290.00	39.80%	17.28	583.20	17.50%	10.93%	69.99%	231.23%	17.69%	100.12%	101.11%							
	2009	1,585.00	15,131.00	25,592.00	26,923.00	41.50%	18.67	599.00	14.00%	10.48%	59.12%	229.05%	14.19%	100.09%	101.33%							
	2010	1,724.00	15,197.00	26,713.00	28,012.00	42.80%	20.65	581.00	14.20%	11.34%	56.89%	222.81%	14.38%	100.07%	101.27%							
	2011	1,603.00	14,379.00	29,670.00	29,097.00	39.30%	20.08	570.00	13.90%	11.15%	48.46%	259.46%	14.02%	100.09%	100.85%							
	2015-2017	2,300.00	15,600.00	43,500.00	37,000.00	43.00%	26.75	595.00	14.50%	14.74%	35.86%	273.41%	14.46%	100.04%	99.70%							
DTE	2007	\$ 453.00	\$ 8,861.00	\$ 11,408.00	\$ 12,824.00	45.60%	\$ 35.86	163.23	7.70%	5.11%	77.67%	195.08%	7.75%	100.10%	100.60%							
	2008	445.00	9,329.00	12,231.00	13,736.00	43.60%	36.77	163.02	7.40%	4.77%	76.27%	204.23%	7.43%	100.09%	100.41%							
	2009	532.00	8,014.00	12,431.00	13,648.00	46.00%	37.96	165.40	8.50%	6.64%	64.47%	198.01%	8.47%	100.01%	99.69%							
	2010	630.00	8,557.00	12,992.00	13,811.00	48.70%	39.67	169.43	9.40%	7.36%	65.86%	193.16%	9.37%	99.93%	99.65%							
	2011	624.00	8,897.00	13,746.00	14,196.00	49.40%	41.41	169.25	8.90%	7.01%	64.72%	196.01%	8.90%	99.94%	99.98%							
	2015-2017	865.00	10,750.00	17,300.00	18,500.00	49.00%	49.75	181.00	9.50%	8.05%	62.14%	190.84%	9.54%	99.34%	100.44%							
EDE	2007	\$ 33.20	\$ 490.20	\$ 1,178.90	\$ 1,081.10	49.90%	\$ 16.04	33.61	6.20%	6.77%	41.58%	218.53%	6.15%	99.93%	99.26%							
	2008	39.70	518.20	1,342.80	1,140.40	46.40%	15.56	33.98	7.50%	7.66%	38.59%	253.77%	7.50%	99.92%	100.04%							
	2009	41.30	497.20	1,459.00	1,240.30	48.40%	15.75	38.11	6.90%	8.31%	34.08%	243.04%	6.88%	99.99%	99.71%							
	2010	47.40	541.30	1,519.10	1,350.70	48.70%	15.82	41.58	7.20%	8.76%	35.63%	230.94%	7.21%	100.00%	100.08%							
	2011	55.00	576.90	1,563.70	1,386.20	50.10%	16.53	41.98	7.90%	9.53%	36.89%	225.16%	7.92%	99.92%	100.25%							
	2015-2017	75.00	710.00	1,925.00	1,600.00	50.50%	18.50	43.25	9.00%	10.56%	36.88%	238.24%	9.28%	99.03%	103.14%							
EXC	2007	\$ 2,730.00	\$ 18,916.00	\$ 24,153.00	\$ 22,189.00	45.70%	\$ 15.34	661.00	26.90%	14.43%	78.32%	238.19%	26.92%	99.99%	100.08%							
	2008	2,721.00	18,859.00	25,813.00	23,726.00	46.60%	16.79	658.00	24.60%	14.43%	73.06%	233.47%	24.61%	99.92%	100.04%							
	2009	2,844.00	17,318.00	27,341.00	24,112.00	52.40%	19.15	660.00	22.50%	16.42%	63.34%	216.40%	22.51%	100.03%	100.04%							
	2010	2,567.00	18,644.00	29,941.00	25,651.00	52.90%	20.48	662.00	18.90%	13.77%	62.27%	220.65%	18.92%	99.91%	100.09%							
	2011	2,499.00	18,924.00	32,570.00	26,661.00	54.00%	21.70	663.00	17.30%	13.21%	58.10%	226.23%	17.36%	99.93%	100.33%							
	2015-2017	2,920.00	29,000.00	52,000.00	45,100.00	52.50%	28.75	820.00	12.50%	10.07%	55.77%	219.62%	12.33%	99.57%	98.66%							
FE	2007	\$ 1,309.00	\$ 12,802.00	\$ 15,383.00	\$ 17,846.00	50.30%	\$ 29.45	304.84	14.60%	10.22%	83.22%	171.37%	14.58%	100.01%	99.88%							
	2008	1,342.00	13,627.00	17,723.00	17,383.00	47.70%	27.17	304.84	16.20%	9.85%	76.89%	213.74%	16.18%	99.89%	99.91%							
	2009	1,015.00	12,712.00	19,164.00	20,467.00	41.80%	28.08	304.84	11.90%	7.98%	66.33%	224.00%	11.86%	100.05%	99.70%							
	2010	991.00	13,339.00	19,788.00	21,124.00	40.50%	28.03	304.84	11.60%	7.43%	67.41%	231.30%	11.58%	99.88%	99.86%							
	2011	752.00	16,258.00	30,337.00	28,996.00	45.80%	31.75	418.22	5.70%	4.63%	53.59%	228.44%	5.66%	99.99%	99.34%							
	2015-2017	1,580.00	19,000.00	34,800.00	34,400.00	45.00%	37.00	418.22	10.00%	8.32%	54.60%	224.81%	10.21%	99.96%	102.07%							
IDA	2007	\$ 82.30	\$ 879.40	\$ 2,616.60	\$ 2,364.20	51.10%	\$ 26.79	45.06	6.80%	9.36%	33.61%	216.59%	6.81%	99.92%	100.18%							
	2008	98.40	960.40	2,758.20	2,485.90	52.40%	27.76	46.92	7.60%	10.25%	34.82%	211.74%	7.55%	99.99%	99.40%							
	2009	124.40	1,049.80	2,917.00	2,807.10	49.80%	29.17	47.90	8.90%	11.85%	35.99%	208.66%	8.90%	99.95%	99.99%							
	2010	142.50	1,036.00	3,161.40	3,020.40	50.70%	31.01	49.41	9.30%	13.75%	32.77%	206.45%	9.31%	100.06%	100.06%							
	2011	166.90	1,026.80	3,406.60	3,045.20	54.40%	33.19	49.95	10.10%	16.25%	30.14%	205.64%	10.07%	100.08%	99.75%							
	2015-2017	180.00	1,300.00	5,000.00	4,000.00	52.50%	39.35	53.00	8.50%	13.85%	26.00%	238.10%	8.57%	99.31%	100.84%							

		Net Profit		Revenue	Net Plant	Total Capital	Common Equity Ratio	Book Value per Share	Shares Outstanding	Reported Return on Com Equity	Profit Margin	Asset Turnover	Equity Multiplier	Calculated Return on Equity	Common Equity Check	ROE Check				
MGEE	2007	\$	48.80	\$	537.60	\$	844.00	\$	660.10	64.80%	\$	19.49	21.95	11.40%	9.08%	63.70%	197.31%	11.41%	100.01%	100.08%
	2008		52.80		596.00		901.20		750.60	63.70%		20.88	22.90	11.00%	8.86%	66.13%	188.48%	11.04%	100.00%	100.39%
	2009		51.00		533.80		939.80		822.70	61.00%		21.71	23.11	10.20%	9.55%	56.80%	187.27%	10.16%	99.97%	99.63%
	2010		57.70		532.60		968.00		859.40	61.10%		22.72	23.11	11.00%	10.83%	55.02%	184.35%	10.99%	99.99%	99.90%
	2011		60.90		546.40		995.60		911.90	60.40%		23.84	23.11	11.10%	11.15%	54.88%	180.76%	11.06%	100.03%	99.61%
	2015-2017		77.50		650.00		1,200.00		1,095.00	66.00%		30.65	23.50	11.00%	11.92%	54.17%	166.04%	10.72%	99.66%	97.49%
NU	2007	\$	251.50	\$	5,822.20	\$	7,229.90	\$	7,431.10	39.20%	\$	18.65	156.22	8.40%	4.32%	80.53%	248.20%	8.63%	100.02%	102.78%
	2008		296.20		5,800.10		8,207.90		7,926.20	38.10%		19.38	155.83	9.60%	5.11%	70.66%	271.80%	9.81%	100.00%	102.17%
	2009		335.60		5,439.40		8,840.00		8,629.50	41.50%		20.37	175.62	9.20%	6.17%	61.53%	246.84%	9.37%	99.89%	101.86%
	2010		377.80		4,898.20		9,567.70		8,741.80	43.60%		21.60	176.45	9.80%	7.71%	51.20%	251.03%	9.91%	100.00%	101.15%
	2011		400.30		4,465.70		10,403.00		8,856.00	45.30%		22.65	177.16	9.80%	8.96%	42.93%	259.31%	9.98%	100.02%	101.82%
	2015-2017		1,030.00		8,700.00		19,200.00		20,300.00	53.50%		34.50	314.00	9.50%	11.84%	45.31%	176.79%	9.48%	99.75%	99.83%
OGE	2007	\$	244.20	\$	3,797.60	\$	4,246.30	\$	3,025.50	55.60%	\$	18.31	91.80	14.50%	6.43%	89.43%	252.43%	14.52%	99.92%	100.12%
	2008		231.40		4,070.70		5,249.80		4,058.60	46.70%		20.29	93.50	12.20%	5.68%	77.54%	276.98%	12.21%	100.09%	100.07%
	2009		258.30		2,869.70		5,911.60		4,129.70	49.40%		21.04	97.00	12.70%	9.00%	48.54%	289.77%	12.66%	100.04%	99.70%
	2010		295.30		3,716.90		6,464.40		4,652.50	49.20%		23.46	97.60	12.90%	7.94%	57.50%	282.41%	12.90%	100.03%	100.01%
	2011		342.90		3,915.90		7,474.00		5,300.40	48.40%		26.13	98.10	13.40%	8.76%	52.39%	291.34%	13.37%	99.92%	99.75%
	2015-2017		425.00		4,600.00		9,350.00		7,350.00	49.00%		35.75	101.00	11.00%	9.24%	49.20%	259.61%	11.80%	100.26%	107.28%
PPL	2007	\$	1,031.00	\$	6,498.00	\$	12,605.00	\$	12,747.00	43.60%	\$	14.88	373.27	18.20%	15.87%	51.55%	226.80%	18.55%	99.94%	101.93%
	2008		940.00		8,044.00		12,416.00		12,529.00	40.50%		13.55	374.58	18.20%	11.69%	64.79%	244.69%	18.52%	100.03%	101.79%
	2009		465.00		7,556.00		13,174.00		12,940.00	42.50%		14.57	377.18	8.10%	6.15%	57.36%	239.55%	8.46%	99.93%	104.39%
	2010		1,009.00		8,521.00		20,858.00		20,621.00	39.80%		16.98	483.39	12.00%	11.84%	40.85%	254.14%	12.29%	100.01%	102.45%
	2011		1,456.00		12,737.00		27,266.00		29,071.00	37.20%		18.72	578.41	13.30%	11.43%	46.71%	252.13%	13.46%	100.12%	101.23%
	2015-2017		2,020.00		14,000.00		38,400.00		34,700.00	51.00%		25.50	695.00	11.50%	14.43%	36.46%	216.99%	11.41%	100.14%	99.26%
PEG	2007	\$	1,323.00		12,853.00	\$	13,275.00	\$	16,041.00	45.50%	\$	14.35	508.52	18.10%	10.29%	96.82%	181.88%	18.13%	99.98%	100.15%
	2008		1,477.00		14,139.00		14,433.00		15,856.00	49.00%		15.36	506.02	19.00%	10.45%	97.96%	185.77%	19.01%	100.04%	100.05%
	2009		1,567.00		12,431.00		15,440.00		16,513.00	53.20%		17.37	505.99	17.80%	12.61%	80.51%	175.76%	17.84%	100.05%	100.21%
	2010		1,557.00		11,793.00		16,390.00		17,452.00	55.20%		19.04	505.97	16.20%	13.20%	71.95%	170.14%	16.16%	100.00%	99.77%
	2011		1,577.00		11,343.00		17,849.00		17,731.00	57.90%		20.30	505.95	15.40%	13.90%	63.55%	173.86%	15.36%	100.04%	99.75%
	2015-2017		1,485.00		11,600.00		22,800.00		23,600.00	56.00%		26.25	506.00	11.00%	12.80%	50.88%	172.52%	11.24%	100.50%	102.15%
SRE	2007	\$	1,135.00	\$	11,438.00	\$	14,884.00	\$	13,071.00	63.70%	\$	31.87	261.21	13.50%	9.92%	76.85%	178.76%	13.63%	99.98%	100.97%
	2008		1,123.00		10,758.00		16,865.00		14,692.00	54.20%		32.75	243.32	14.00%	10.44%	63.79%	211.79%	14.10%	100.07%	100.73%
	2009		1,193.00		8,106.00		18,281.00		16,646.00	54.10%		36.54	246.51	13.10%	14.72%	44.34%	203.00%	13.25%	100.02%	101.13%
	2010		1,008.00		9,003.00		19,876.00		18,186.00	49.60%		37.54	240.45	11.10%	11.20%	45.30%	220.35%	11.17%	100.07%	100.67%
	2011		1,088.00		10,036.00		23,572.00		20,015.00	49.20%		41.00	239.93	11.00%	10.84%	42.58%	239.37%	11.05%	99.90%	100.44%
	2015-2017		1,470.00		12,150.00		31,100.00		26,200.00	48.00%		51.00	246.00	11.50%	12.10%	39.07%	247.30%	11.69%	99.76%	101.64%
SO	2007	\$	1,782.00	\$	15,353.00	\$	33,327.00	\$	27,608.00	44.90%	\$	16.23	763.10	14.00%	11.61%	46.07%	268.85%	14.38%	99.91%	102.68%
	2008		1,807.00		17,127.00		35,878.00		31,174.00	42.60%		17.08	777.19	13.10%	10.55%	47.74%	270.16%	13.61%	99.96%	103.87%
	2009		1,910.00		15,743.00		39,230.00		34,091.00	43.60%		18.15	819.65	12.40%	12.13%	40.13%	263.93%	12.85%	100.09%	103.63%
	2010		2,040.00		17,456.00		42,002.00		35,438.00	45.70%		19.21	843.34	12.20%	11.69%	41.56%	259.35%	12.60%	100.03%	103.25%
	2011		2,268.00		17,657.00		45,010.00		37,307.00	47.10%		20.32	865.13	12.50%	12.84%	39.23%	256.15%	12.91%	100.04%	103.26%
	2015-2017		3,040.00		20,000.00		61,500.00		52,200.00	45.00%		25.50	915.00	12.50%	15.20%	32.52%	261.81%	12.94%	99.33%	103.53%
UNS	2007	\$	58.40	\$	1,381.40	\$	2,407.30	\$	2,214.90	31.20%	\$	19.54	35.32	8.50%	4.23%	57.38%	348.35%	8.45%	99.87%	99.42%
	2008		14.00		1,397.50		2,617.70		2,506.40	27.10%		19.16	35.46	2.10%	1.00%	53.39%	385.39%	2.06%	100.03%	98.15%
	2009		104.30		1,394.40		2,785.70		2,547.00	29.50%		20.94	35.85	13.90%	7.48%	50.06%	370.75%	13.88%	99.91%	99.87%
	2010		111.50		1,453.70		2,961.50		2,602.80	31.50%		22.46	36.54	13.60%	7.67%	49.09%	361.21%	13.60%	100.10%	100.00%
	2011		110.00		1,509.50		3,182.30		2,758.60	32.20%		24.07	36.92	12.40%	7.29%	47.43%	358.26%	12.38%	100.04%	99.87%
	2015-2017		155.00		1,700.00		4,465.00		3,950.00	28.00%		27.20	41.00	14.00%	9.12%	38.07%	403.71%	14.01%	100.83%	100.10%
VVC	2007	\$	143.10	\$	2,281.90	\$	2,539.70	\$	2,479.10	49.80%	\$	16.16	76.36	11.60%	6.27%	89.85%	205.71%	11.59%	99.95%	99.92%
	2008		129.00		2,484.70		2,720.30		2,599.50	52.00%		16.68	81.03	9.50%	5.19%	91.34%	201.24%	9.54%	99.99%	100.46%
	2009		145.00		2,088.90		2,878.80		2,937.70	47.60%		17.23	81.10	10.40%	6.94%	72.56%	205.87%	10.37%	99.93%	99.71%
	2010		133.70		2,129.50		2,955.40		2,874.10	50.10%		17.61	81.70	9.30%	6.28%	72.05%	205.25%	9.29%	99.92%	99.84%
	2011		141.60		2,325.20		3,032.60		3,025.00	48.40%		17.89	81.90	9.70%	6.09%	76.67%	207.13%	9.67%	100.07%	99.71%
	2015-2017		210.00		2,950.00		3,600.00		3,850.00	48.00%		21.00	88.00	11.50%	7.12%	81.94%	194.81%	11.36%	100.00%	98.81%

Hevert Proxy Group Capital Structure

Company	Ticker	% Long-Term Debt								Average
		2012Q2	2012Q1	2011Q4	2011Q3	2011Q2	2011Q1	2010Q4	2010Q3	
American Electric Power Company, Inc.	AEP	47.82%	48.54%	47.06%	47.29%	49.15%	49.93%	50.02%	46.44%	48.28%
Cleco Corporation	CNL	49.62%	51.62%	51.71%	52.48%	52.25%	53.02%	52.67%	48.86%	51.53%
Empire District Electric Company	EDE	47.50%	47.09%	47.71%	48.05%	49.04%	48.97%	49.07%	49.01%	48.31%
Great Plains Energy Inc.	GXP	50.51%	48.14%	48.07%	48.87%	47.00%	46.41%	47.77%	47.66%	48.05%
IDACORP, Inc.	IDA	49.63%	49.09%	49.41%	49.56%	51.05%	51.16%	53.39%	53.78%	50.88%
Otter Tail Corporation	OTTR	49.77%	49.52%	49.72%	46.64%	46.83%	46.76%	46.84%	47.00%	47.88%
Pinnacle West Capital Corporation	PNW	45.40%	45.64%	45.54%	47.94%	47.56%	47.43%	47.03%	47.02%	46.70%
PNM Resources, Inc.	PNM	49.60%	49.57%	50.07%	47.85%	48.62%	48.45%	48.45%	47.49%	48.76%
Portland General Electric Company	POR	50.53%	50.63%	51.06%	52.10%	52.22%	52.26%	53.17%	53.27%	51.91%
Southern Company	SO	52.78%	53.52%	52.57%	48.86%	49.78%	49.41%	50.73%	51.25%	51.11%
Westar Energy, Inc.	WR	40.62%	39.95%	38.64%	39.34%	40.38%	40.76%	40.63%	40.52%	40.10%
Mean		48.53%	48.48%	48.32%	48.09%	48.54%	48.60%	49.07%	48.39%	48.50%

Operating Company Capital Structure

Operating Company	Parent	% Long-Term Debt							
		2012Q2	2012Q1	2011Q4	2011Q3	2011Q2	2011Q1	2010Q4	2010Q3
Appalachian Power Company	AEP	55.27%	55.38%	55.93%	55.81%	56.86%	58.47%	55.79%	56.13%
AEP Texas Central Company	AEP	51.09%	54.22%	36.23%	39.16%	52.74%	55.01%	55.15%	55.24%
Indiana Michigan Power Company	AEP	50.58%	50.45%	50.87%	50.90%	50.94%	51.14%	51.53%	53.20%
Kentucky Power Company	AEP	53.88%	54.24%	54.39%	54.38%	54.58%	54.50%	55.16%	55.79%
Ohio Power Company	AEP	46.06%	46.51%	47.88%	46.08%	45.66%	45.48%	46.57%	47.63%
Public Service Company of Oklahoma	AEP	51.07%	51.60%	51.48%	51.44%	52.49%	54.79%	53.55%	53.35%
Southwestern Electric Power Company	AEP	50.73%	51.45%	48.15%	48.01%	49.68%	50.42%	50.85%	50.93%
AEP Texas North Company	AEP	52.76%	52.71%	53.07%	53.65%	53.92%	54.12%	54.48%	54.82%
Kingsport Power Company	AEP	40.06%	39.65%	40.44%	41.33%	41.00%	40.88%	42.04%	0.00%
Wheeling Power Company	AEP	26.74%	29.22%	32.13%	32.12%	33.66%	34.47%	35.11%	37.27%
Cleco Power LLC	CNL	49.62%	51.62%	51.71%	52.48%	52.25%	53.02%	52.67%	48.86%
Empire District Electric Company	EDE	47.50%	47.09%	47.71%	48.05%	49.04%	48.97%	49.07%	49.01%
KCP&L Greater Missouri Operations Company	GXP	52.74%	47.76%	47.72%	47.58%	48.41%	45.48%	48.45%	48.48%
Kansas City Power & Light Company	GXP	48.27%	48.52%	48.41%	50.16%	45.59%	47.34%	47.10%	46.84%
Idaho Power Co.	IDA	49.63%	49.09%	49.41%	49.56%	51.05%	51.16%	53.39%	53.78%
Otter Tail Power Company	OTTR	49.77%	49.52%	49.72%	46.64%	46.83%	46.76%	46.84%	47.00%
Arizona Public Service Company	PNW	45.40%	45.64%	45.54%	47.94%	47.56%	47.43%	47.03%	47.02%
Public Service Company of New Mexico	PNM	49.60%	49.57%	50.07%	47.85%	48.62%	48.45%	48.45%	47.49%
Portland General Electric Company	POR	50.53%	50.63%	51.06%	52.10%	52.22%	52.26%	53.17%	53.27%
Georgia Power Company	SO	52.10%	49.83%	48.27%	48.06%	49.27%	48.83%	48.68%	49.78%
Alabama Power Company	SO	53.19%	54.43%	53.47%	52.71%	53.29%	53.54%	53.46%	52.94%
Gulf Power Company	SO	51.69%	51.65%	52.39%	52.21%	52.55%	52.48%	53.29%	54.60%
Mississippi Power Company	SO	54.12%	58.18%	56.17%	42.46%	44.01%	42.79%	47.49%	47.70%
Kansas Gas and Electric Company	WR	41.70%	42.15%	42.45%	42.30%	43.23%	43.48%	43.00%	42.76%
Westar Energy (KPL)	WR	39.54%	37.74%	34.82%	36.37%	37.53%	38.04%	38.26%	38.28%

Source: SNL Financial

Hevert Proxy Group Capital Structure

Company	Ticker	% Common Equity								Average
		2012Q2	2012Q1	2011Q4	2011Q3	2011Q2	2011Q1	2010Q4	2010Q3	
American Electric Power Company, Inc.	AEP	52.18%	51.46%	52.94%	52.71%	50.85%	50.07%	49.98%	53.56%	51.72%
Cleco Corporation	CNL	50.38%	48.38%	48.29%	47.52%	47.75%	46.98%	47.33%	51.14%	48.47%
Empire District Electric Company	EDE	52.50%	52.91%	52.29%	51.95%	50.96%	51.03%	50.93%	50.99%	51.69%
Great Plains Energy Inc.	GXP	49.49%	51.86%	51.93%	51.13%	53.00%	53.59%	52.23%	52.34%	51.95%
IDACORP, Inc.	IDA	50.37%	50.91%	50.59%	50.44%	48.95%	48.84%	46.61%	46.22%	49.12%
Otter Tail Corporation	OTTR	50.23%	50.48%	50.28%	53.36%	53.17%	53.24%	53.16%	53.00%	52.12%
Pinnacle West Capital Corporation	PNW	54.60%	54.36%	54.46%	52.06%	52.44%	52.57%	52.97%	52.98%	53.30%
PNM Resources, Inc.	PNM	50.40%	50.43%	49.93%	52.15%	51.38%	51.55%	51.55%	52.51%	51.24%
Portland General Electric Company	POR	49.47%	49.37%	48.94%	47.90%	47.78%	47.74%	46.83%	46.73%	48.09%
Southern Company	SO	47.22%	46.48%	47.43%	51.14%	50.22%	50.59%	49.27%	48.75%	48.89%
Westar Energy, Inc.	WR	59.38%	60.05%	61.36%	60.66%	59.62%	59.24%	59.37%	59.48%	59.90%
Mean		51.47%	51.52%	51.68%	51.91%	51.46%	51.40%	50.93%	51.61%	51.50%

Operating Company Capital Structure

Operating Company	Parent	% Common Equity							
		2012Q2	2012Q1	2011Q4	2011Q3	2011Q2	2011Q1	2010Q4	2010Q3
Appalachian Power Company	AEP	44.73%	44.62%	44.07%	44.19%	43.14%	41.53%	44.21%	43.87%
AEP Texas Central Company	AEP	48.91%	45.78%	63.77%	60.84%	47.26%	44.99%	44.85%	44.76%
Indiana Michigan Power Company	AEP	49.42%	49.55%	49.13%	49.10%	49.06%	48.86%	48.47%	46.80%
Kentucky Power Company	AEP	46.12%	45.76%	45.61%	45.62%	45.42%	45.50%	44.84%	44.21%
Ohio Power Company	AEP	53.94%	53.49%	52.12%	53.92%	54.34%	54.52%	53.43%	52.37%
Public Service Company of Oklahoma	AEP	48.93%	48.40%	48.52%	48.56%	47.51%	45.21%	46.45%	46.65%
Southwestern Electric Power Company	AEP	49.27%	48.55%	51.85%	51.99%	50.32%	49.58%	49.15%	49.07%
AEP Texas North Company	AEP	47.24%	47.29%	46.93%	46.35%	46.08%	45.88%	45.52%	45.18%
Kingsport Power Company	AEP	59.94%	60.35%	59.56%	58.67%	59.00%	59.12%	57.96%	100.00%
Wheeling Power Company	AEP	73.26%	70.78%	67.87%	67.88%	66.34%	65.53%	64.89%	62.73%
Cleco Power LLC	CNL	50.38%	48.38%	48.29%	47.52%	47.75%	46.98%	47.33%	51.14%
Empire District Electric Company	EDE	52.50%	52.91%	52.29%	51.95%	50.96%	51.03%	50.93%	50.99%
KCP&L Greater Missouri Operations Company	GXP	47.26%	52.24%	52.28%	52.42%	51.59%	54.52%	51.55%	51.52%
Kansas City Power & Light Company	GXP	51.73%	51.48%	51.59%	49.84%	54.41%	52.66%	52.90%	53.16%
Idaho Power Co.	IDA	50.37%	50.91%	50.59%	50.44%	48.95%	48.84%	46.61%	46.22%
Otter Tail Power Company	OTTR	50.23%	50.48%	50.28%	53.36%	53.17%	53.24%	53.16%	53.00%
Arizona Public Service Company	PNW	54.60%	54.36%	54.46%	52.06%	52.44%	52.57%	52.97%	52.98%
Public Service Company of New Mexico	PNM	50.40%	50.43%	49.93%	52.15%	51.38%	51.55%	51.55%	52.51%
Portland General Electric Company	POR	49.47%	49.37%	48.94%	47.90%	47.78%	47.74%	46.83%	46.73%
Georgia Power Company	SO	47.90%	50.17%	51.73%	51.94%	50.73%	51.17%	51.32%	50.22%
Alabama Power Company	SO	46.81%	45.57%	46.53%	47.29%	46.71%	46.46%	46.54%	47.06%
Gulf Power Company	SO	48.31%	48.35%	47.61%	47.79%	47.45%	47.52%	46.71%	45.40%
Mississippi Power Company	SO	45.88%	41.82%	43.83%	57.54%	55.99%	57.21%	52.51%	52.30%
Kansas Gas and Electric Company	WR	58.30%	57.85%	57.55%	57.70%	56.77%	56.52%	57.00%	57.24%
Westar Energy (KPL)	WR	60.46%	62.26%	65.18%	63.63%	62.47%	61.96%	61.74%	61.72%

Source: SNL Financial

O'Donnell Proxy Group Capital Structure

Company	Ticker	% Long-Term Debt								
		2012Q2	2012Q1	2011Q4	2011Q3	2011Q2	2011Q1	2010Q4	2010Q3	Average
Avista Corporation	AVA	49.54%	50.32%	50.78%	49.29%	49.57%	49.74%	50.49%	50.09%	49.98%
Consolidated Edison, Inc.	ED	46.03%	46.34%	46.27%	46.06%	46.40%	46.39%	46.88%	47.32%	46.46%
Dominion Resources, Inc.	D	45.09%	45.23%	43.95%	43.69%	43.92%	44.28%	44.12%	45.23%	44.44%
DTE Energy Company	DTE	53.57%	51.24%	51.38%	51.42%	51.93%	50.80%	50.93%	50.95%	51.53%
Empire District Electric Company	EDE	47.50%	47.09%	47.71%	48.05%	49.04%	48.97%	49.07%	49.01%	48.31%
Exelon Corporation	EXC	45.38%	46.15%	46.78%	47.59%	47.00%	47.17%	46.34%	46.70%	46.64%
FirstEnergy Corp.	FE	51.86%	52.15%	52.35%	51.87%	52.87%	52.19%	49.93%	51.06%	51.78%
IDACORP, Inc.	IDA	49.63%	49.09%	49.41%	49.56%	51.05%	51.16%	53.39%	53.78%	50.88%
MGE Energy, Inc.	MGEE	40.33%	40.32%	40.81%	40.55%	40.98%	41.14%	38.17%	36.91%	39.90%
Northeast Utilities	NU	47.11%	47.13%	46.81%	47.77%	46.76%	46.89%	46.98%	47.48%	47.12%
OGE Energy Corp.	OGE	44.14%	44.86%	44.98%	45.18%	46.83%	45.03%	45.12%	45.26%	45.18%
PPL Corporation	PPL	42.06%	42.16%	42.22%	42.58%	41.82%	41.79%	40.89%	43.98%	42.19%
Public Service Enterprise Group Incorporated	PEG	48.71%	46.86%	47.89%	48.33%	47.72%	48.29%	49.19%	49.66%	48.33%
Sempra Energy	SRE	48.95%	49.56%	48.56%	47.80%	45.80%	46.31%	48.53%	49.39%	48.11%
Southern Company	SO	52.78%	53.52%	52.57%	48.86%	49.78%	49.41%	50.73%	51.25%	51.11%
UNS Energy Corporation	UNS	51.75%	52.47%	52.78%	52.67%	53.11%	53.93%	54.45%	53.50%	53.08%
Vectren Corporation	VVC	45.78%	45.93%	46.12%	47.42%	48.04%	48.08%	48.08%	47.90%	47.17%
Westar Energy, Inc.	WR	40.62%	39.95%	38.64%	39.34%	40.38%	40.76%	40.63%	40.52%	40.10%
Mean		47.27%	47.24%	47.22%	47.11%	47.39%	47.35%	47.44%	47.78%	47.35%

Operating Company Capital Structure

Operating Company	Parent	% Long-Term Debt							
		2012Q2	2012Q1	2011Q4	2011Q3	2011Q2	2011Q1	2010Q4	2010Q3
Avista Corporation	AVA	49.54%	50.32%	50.78%	49.29%	49.57%	49.74%	50.49%	50.09%
Consolidated Edison Company of New York, Inc.	ED	49.58%	49.56%	48.81%	48.88%	49.33%	49.30%	49.54%	50.38%
Orange and Rockland Utilities, Inc.	ED	51.13%	51.26%	52.11%	51.18%	51.80%	51.69%	52.34%	52.22%
Pike County Light and Power Company	ED	37.37%	38.20%	37.87%	38.11%	38.08%	38.20%	38.77%	39.37%
Virginia Electric and Power Company	D	45.09%	45.23%	43.95%	43.69%	43.92%	44.28%	44.12%	45.23%
Detroit Edison Company	DTE	53.57%	51.24%	51.38%	51.42%	51.93%	50.80%	50.93%	50.95%
Empire District Electric Company	EDE	47.50%	47.09%	47.71%	48.05%	49.04%	48.97%	49.07%	49.01%
Commonwealth Edison Company	EXC	43.33%	43.45%	45.49%	47.87%	45.55%	45.69%	42.98%	42.99%
Baltimore Gas and Electric Company	EXC	50.51%	52.76%	52.52%	49.94%	50.16%	50.44%	50.54%	51.09%
PECO Energy Company	EXC	42.31%	42.26%	42.33%	44.97%	45.29%	45.37%	45.49%	46.03%
Ohio Edison Company	FE	57.91%	58.33%	59.19%	57.42%	59.09%	55.10%	53.17%	53.59%
Pennsylvania Power Company	FE	39.75%	40.52%	41.25%	40.45%	37.64%	38.43%	39.25%	31.62%
Cleveland Electric Illuminating Company	FE	60.56%	59.53%	57.70%	57.16%	57.74%	57.93%	57.28%	57.41%
Jersey Central Power & Light Company	FE	39.19%	39.06%	39.29%	39.64%	40.58%	36.11%	36.30%	36.34%
Metropolitan Edison Company	FE	46.63%	46.97%	47.45%	48.40%	49.29%	44.24%	40.58%	40.07%
Monongahela Power Company	FE	53.87%	54.71%	56.04%	54.24%	58.82%	59.59%	54.55%	53.89%
Pennsylvania Electric Company	FE	55.44%	55.83%	54.28%	55.80%	56.40%	55.45%	55.40%	53.57%
Potomac Edison Company	FE	53.59%	54.78%	56.03%	56.31%	57.62%	60.50%	55.83%	55.09%
Toledo Edison Company	FE	61.80%	62.22%	61.87%	60.27%	61.16%	60.76%	60.29%	60.54%
West Penn Power Company	FE	49.85%	49.51%	50.39%	49.02%	50.32%	53.81%	46.66%	68.46%
Idaho Power Co.	IDA	49.63%	49.09%	49.41%	49.56%	51.05%	51.16%	53.39%	53.78%
Madison Gas and Electric Company	MGEE	40.33%	40.32%	40.81%	40.55%	40.98%	41.14%	38.17%	36.91%
NSTAR Electric Company	NU	42.66%	42.28%	41.69%	41.91%	42.94%	42.90%	42.81%	42.95%
Connecticut Light and Power Company	NU	49.34%	49.05%	48.58%	48.95%	49.25%	49.41%	48.68%	49.19%
Public Service Company of New Hampshire	NU	48.42%	48.55%	48.06%	50.78%	46.53%	46.55%	47.44%	48.74%
Western Massachusetts Electric Company	NU	48.04%	48.63%	48.89%	49.44%	48.32%	48.71%	48.97%	49.04%
Oklahoma Gas and Electric Company	OGE	44.14%	44.86%	44.98%	45.18%	46.83%	45.03%	45.12%	45.26%
Kentucky Utilities Company	PPL	40.01%	40.06%	40.15%	40.14%	40.46%	40.39%	40.62%	44.83%
PPL Electric Utilities Corporation	PPL	47.75%	47.85%	47.82%	48.99%	45.99%	46.02%	46.51%	46.57%
Louisville Gas and Electric Company	PPL	38.43%	38.55%	38.69%	38.61%	39.01%	38.95%	35.53%	40.53%
Public Service Electric and Gas Company	PEG	48.71%	46.86%	47.89%	48.33%	47.72%	48.29%	49.19%	49.66%
San Diego Gas & Electric Co.	SRE	48.95%	49.56%	48.56%	47.80%	45.80%	46.31%	48.53%	49.39%
Georgia Power Company	SO	52.10%	49.83%	48.27%	48.06%	49.27%	48.83%	48.68%	49.78%
Alabama Power Company	SO	53.19%	54.43%	53.47%	52.71%	53.29%	53.54%	53.46%	52.94%
Gulf Power Company	SO	51.69%	51.65%	52.39%	52.21%	52.55%	52.48%	53.29%	54.60%
Mississippi Power Company	SO	54.12%	58.18%	56.17%	42.46%	44.01%	42.79%	47.49%	47.70%
Tucson Electric Power Company	UNS	55.94%	56.59%	56.70%	55.88%	57.66%	58.61%	58.87%	56.46%
UNS Electric, Inc.	UNS	47.57%	48.34%	48.85%	49.45%	48.56%	49.25%	50.02%	50.55%
Southern Indiana Gas and Electric Company, Inc.	VVC	45.78%	45.93%	46.12%	47.42%	48.04%	48.08%	48.08%	47.90%
Kansas Gas and Electric Company	WR	41.70%	42.15%	42.45%	42.30%	43.23%	43.48%	43.00%	42.76%
Westar Energy (KPL)	WR	39.54%	37.74%	34.82%	36.37%	37.53%	38.04%	38.26%	38.28%

Source: SNL Financial

O'Donnell Proxy Group Capital Structure

Company	Ticker	% Common Equity								Average
		2012Q2	2012Q1	2011Q4	2011Q3	2011Q2	2011Q1	2010Q4	2010Q3	
Avista Corporation	AVA	50.46%	49.68%	49.22%	50.71%	50.43%	50.26%	49.51%	49.91%	50.02%
Consolidated Edison, Inc.	ED	53.97%	53.66%	53.73%	53.94%	53.60%	53.61%	53.12%	52.68%	53.54%
Dominion Resources, Inc.	D	54.91%	54.77%	56.05%	56.31%	56.08%	55.72%	55.88%	54.77%	55.56%
DTE Energy Company	DTE	46.43%	48.76%	48.62%	48.58%	48.07%	49.20%	49.07%	49.05%	48.47%
Empire District Electric Company	EDE	52.50%	52.91%	52.29%	51.95%	50.96%	51.03%	50.93%	50.99%	51.69%
Exelon Corporation	EXC	54.62%	53.85%	53.22%	52.41%	53.00%	52.83%	53.66%	53.30%	53.36%
FirstEnergy Corp.	FE	48.14%	47.85%	47.65%	48.13%	47.13%	47.81%	50.07%	48.94%	48.22%
IDACORP, Inc.	IDA	50.37%	50.91%	50.59%	50.44%	48.95%	48.84%	46.61%	46.22%	49.12%
MGE Energy, Inc.	MGEE	59.67%	59.68%	59.19%	59.45%	59.02%	58.86%	61.83%	63.09%	60.10%
Northeast Utilities	NU	52.89%	52.87%	53.19%	52.23%	53.24%	53.11%	53.02%	52.52%	52.88%
OGE Energy Corp.	OGE	55.86%	55.14%	55.02%	54.82%	53.17%	54.97%	54.88%	54.74%	54.82%
PPL Corporation	PPL	57.94%	57.84%	57.78%	57.42%	58.18%	58.21%	59.11%	56.02%	57.81%
Public Service Enterprise Group Incorporated	PEG	51.29%	53.14%	52.11%	51.67%	52.28%	51.71%	50.81%	50.34%	51.67%
Sempra Energy	SRE	51.05%	50.44%	51.44%	52.20%	54.20%	53.69%	51.47%	50.61%	51.89%
Southern Company	SO	47.22%	46.48%	47.43%	51.14%	50.22%	50.59%	49.27%	48.75%	48.89%
UNS Energy Corporation	UNS	48.25%	47.53%	47.22%	47.33%	46.89%	46.07%	45.55%	46.50%	46.92%
Vectren Corporation	VVC	54.22%	54.07%	53.88%	52.58%	51.96%	51.92%	51.92%	52.10%	52.83%
Westar Energy, Inc.	WR	59.38%	60.05%	61.36%	60.66%	59.62%	59.24%	59.37%	59.48%	59.90%
Mean		52.73%	52.76%	52.78%	52.89%	52.61%	52.65%	52.56%	52.22%	52.65%

Operating Company Capital Structure

Operating Company	Parent	% Common Equity							
		2012Q2	2012Q1	2011Q4	2011Q3	2011Q2	2011Q1	2010Q4	2010Q3
Avista Corporation		50.46%	49.68%	49.22%	50.71%	50.43%	50.26%	49.51%	49.91%
Consolidated Edison Company of New York, Inc.		50.42%	50.44%	51.19%	51.12%	50.67%	50.70%	50.46%	49.62%
Orange and Rockland Utilities, Inc.		48.87%	48.74%	47.89%	48.82%	48.20%	48.31%	47.66%	47.78%
Pike County Light and Power Company		62.63%	61.80%	62.13%	61.89%	61.92%	61.80%	61.23%	60.63%
Virginia Electric and Power Company		54.91%	54.77%	56.05%	56.31%	56.08%	55.72%	55.88%	54.77%
Detroit Edison Company		46.43%	48.76%	48.62%	48.58%	48.07%	49.20%	49.07%	49.05%
Empire District Electric Company		52.50%	52.91%	52.29%	51.95%	50.96%	51.03%	50.93%	50.99%
Commonwealth Edison Company		56.67%	56.55%	54.51%	52.13%	54.45%	54.31%	57.02%	57.01%
Baltimore Gas and Electric Company		49.49%	47.24%	47.48%	50.06%	49.84%	49.56%	49.46%	48.91%
PECO Energy Company		57.69%	57.74%	57.67%	55.03%	54.71%	54.63%	54.51%	53.97%
Ohio Edison Company		42.09%	41.67%	40.81%	42.58%	40.91%	44.90%	46.83%	46.41%
Pennsylvania Power Company		60.25%	59.48%	58.75%	59.55%	62.36%	61.57%	60.75%	68.38%
Cleveland Electric Illuminating Company		39.44%	40.47%	42.30%	42.84%	42.26%	42.07%	42.72%	42.59%
Jersey Central Power & Light Company		60.81%	60.94%	60.71%	60.36%	59.42%	63.89%	63.70%	63.66%
Metropolitan Edison Company		53.37%	53.03%	52.55%	51.60%	50.71%	55.76%	59.42%	59.93%
Monongahela Power Company		46.13%	45.29%	43.96%	45.76%	41.18%	40.41%	45.45%	46.11%
Pennsylvania Electric Company		44.56%	44.17%	45.72%	44.20%	43.60%	44.55%	44.60%	46.43%
Potomac Edison Company		46.41%	45.22%	43.97%	43.69%	42.38%	39.50%	44.17%	44.91%
Toledo Edison Company		38.20%	37.78%	38.13%	39.73%	38.84%	39.24%	39.71%	39.46%
West Penn Power Company		50.15%	50.49%	49.61%	50.98%	49.68%	46.19%	53.34%	31.54%
Idaho Power Co.		50.37%	50.91%	50.59%	50.44%	48.95%	48.84%	46.61%	46.22%
Madison Gas and Electric Company		59.67%	59.68%	59.19%	59.45%	59.02%	58.86%	61.83%	63.09%
NSTAR Electric Company		57.34%	57.72%	58.31%	58.09%	57.06%	57.10%	57.19%	57.05%
Connecticut Light and Power Company		50.66%	50.95%	51.42%	51.05%	50.75%	50.59%	51.32%	50.81%
Public Service Company of New Hampshire		51.58%	51.45%	51.94%	49.22%	53.47%	53.45%	52.56%	51.26%
Western Massachusetts Electric Company		51.96%	51.37%	51.11%	50.56%	51.68%	51.29%	51.03%	50.96%
Oklahoma Gas and Electric Company		55.86%	55.14%	55.02%	54.82%	53.17%	54.97%	54.88%	54.74%
Kentucky Utilities Company		59.99%	59.94%	59.85%	59.86%	59.54%	59.61%	59.38%	55.17%
PPL Electric Utilities Corporation		52.25%	52.15%	52.18%	51.01%	54.01%	53.98%	53.49%	53.43%
Louisville Gas and Electric Company		61.57%	61.45%	61.31%	61.39%	60.99%	61.05%	64.47%	59.47%
Public Service Electric and Gas Company		51.29%	53.14%	52.11%	51.67%	52.28%	51.71%	50.81%	50.34%
San Diego Gas & Electric Co.		51.05%	50.44%	51.44%	52.20%	54.20%	53.69%	51.47%	50.61%
Georgia Power Company		47.90%	50.17%	51.73%	51.94%	50.73%	51.17%	51.32%	50.22%
Alabama Power Company		46.81%	45.57%	46.53%	47.29%	46.71%	46.46%	46.54%	47.06%
Gulf Power Company		48.31%	48.35%	47.61%	47.79%	47.45%	47.52%	46.71%	45.40%
Mississippi Power Company		45.88%	41.82%	43.83%	57.54%	55.99%	57.21%	52.51%	52.30%
Tucson Electric Power Company		44.06%	43.41%	43.30%	44.12%	42.34%	41.39%	41.13%	43.54%
UNS Electric, Inc.		52.43%	51.66%	51.15%	50.55%	51.44%	50.75%	49.98%	49.45%
Southern Indiana Gas and Electric Company, Inc.		54.22%	54.07%	53.88%	52.58%	51.96%	51.92%	51.92%	52.10%
Kansas Gas and Electric Company		58.30%	57.85%	57.55%	57.70%	56.77%	56.52%	57.00%	57.24%
Westar Energy (KPL)		60.46%	62.26%	65.18%	63.63%	62.47%	61.96%	61.74%	61.72%

Source: SNL Financial

Hevert Holding Company Proxy Group Capital Structure

Company	Ticker	% Long-Term Debt								Average
		2012Q2	2012Q1	2011Q4	2011Q3	2011Q2	2011Q1	2010Q4	2010Q3	
American Electric Power Company, Inc.	AEP	53.55%	53.83%	53.65%	52.89%	54.41%	55.31%	55.93%	55.86%	54.43%
Cleco Corporation	CNL	47.79%	48.13%	48.98%	49.60%	50.23%	51.06%	51.77%	48.33%	49.49%
Empire District Electric Company	EDE	49.76%	49.40%	49.97%	50.32%	51.31%	51.24%	51.34%	51.19%	50.57%
Great Plains Energy Inc.	GXP	52.02%	54.67%	54.54%	55.38%	53.49%	53.39%	54.35%	54.12%	53.99%
IDACORP, Inc.	IDA	47.60%	47.10%	47.31%	47.33%	48.79%	49.00%	51.25%	51.56%	48.74%
Otter Tail Corporation	OTTR	46.64%	45.53%	45.39%	41.10%	40.97%	41.10%	40.71%	40.65%	42.76%
PNM Resources, Inc.	PNM	51.15%	51.43%	51.54%	49.61%	50.35%	50.38%	50.47%	48.45%	50.42%
Pinnacle West Capital Corporation	PNW	47.58%	47.90%	47.78%	50.18%	50.35%	50.32%	49.96%	49.90%	49.25%
Portland General Electric Company	POR	50.55%	50.63%	51.06%	52.10%	52.22%	52.27%	53.18%	53.29%	51.91%
Southern Company	SO	54.30%	54.18%	53.67%	53.91%	53.97%	54.31%	54.56%	55.39%	54.29%
Westar Energy, Inc.	WR	52.59%	51.61%	50.44%	52.15%	53.54%	53.67%	54.10%	54.14%	52.78%
Mean		50.32%	50.40%	50.39%	50.41%	50.88%	51.09%	51.60%	51.17%	50.78%

O'Donnell Holding Company Proxy Group Capital Structure

Company	Ticker	% Long-Term Debt								Average
		2012Q2	2012Q1	2011Q4	2011Q3	2011Q2	2011Q1	2010Q4	2010Q3	
Avista Corporation	AVA	51.64%	52.26%	51.82%	50.47%	50.81%	51.04%	51.85%	51.56%	51.43%
Consolidated Edison, Inc.	ED	48.88%	48.96%	48.29%	48.24%	48.69%	48.74%	49.14%	50.12%	48.88%
Dominion Resources, Inc.	D	61.68%	61.73%	62.25%	61.37%	59.71%	59.15%	57.54%	58.14%	60.20%
DTE Energy Company	DTE	53.02%	51.76%	52.39%	52.63%	53.58%	53.81%	54.38%	54.61%	53.27%
Empire District Electric Company	EDE	49.76%	49.40%	49.97%	50.32%	51.31%	51.24%	51.34%	51.19%	50.57%
Exelon Corporation	EXC	45.99%	45.47%	47.50%	49.02%	48.33%	48.65%	48.17%	47.46%	47.58%
FirstEnergy Corp.	FE	55.36%	56.49%	56.63%	57.52%	58.80%	59.78%	61.02%	61.10%	58.34%
IDACORP, Inc.	IDA	47.60%	47.10%	47.31%	47.33%	48.79%	49.00%	51.25%	51.56%	48.74%
MGE Energy, Inc.	MGEE	39.16%	39.40%	39.76%	39.82%	40.40%	40.62%	39.02%	38.12%	39.54%
Northeast Utilities	NU	46.18%	56.75%	55.83%	56.22%	55.28%	55.58%	56.21%	57.07%	54.89%
OGE Energy Corp.	OGE	51.14%	51.74%	51.64%	50.45%	52.00%	50.30%	50.79%	51.59%	51.21%
PPL Corporation	PPL	63.06%	61.60%	62.43%	62.63%	62.87%	59.91%	60.67%	51.50%	60.58%
Public Service Enterprise Group Incorporated	PEG	43.84%	42.89%	44.16%	46.89%	44.94%	47.16%	48.23%	48.93%	45.88%
Sempra Energy	SRE	52.71%	52.26%	51.58%	51.36%	50.55%	50.21%	50.93%	48.67%	51.03%
Southern Company	SO	54.30%	54.18%	53.67%	53.91%	53.97%	54.31%	54.56%	55.39%	54.29%
UNS Energy Corporation	UNS	62.78%	65.46%	68.67%	67.81%	68.97%	69.34%	69.57%	68.87%	67.68%
Vectren Corporation	VVC	51.50%	52.08%	52.54%	54.21%	54.32%	54.16%	54.39%	53.73%	53.37%
Westar Energy, Inc.	WR	52.59%	51.61%	50.44%	52.15%	53.54%	53.67%	54.10%	54.14%	52.78%
Mean		51.73%	52.29%	52.60%	52.91%	53.16%	53.15%	53.51%	52.99%	52.79%

Source: SNL Financial

Hevert Holding Company Proxy Group Capital Structure

Company	Ticker	% Common Equity								
		2012Q2	2012Q1	2011Q4	2011Q3	2011Q2	2011Q1	2010Q4	2010Q3	Average
American Electric Power Company, Inc.	AEP	46.45%	46.17%	46.35%	47.11%	45.59%	44.69%	44.07%	44.14%	45.57%
Cleco Corporation	CNL	52.21%	51.87%	51.02%	50.40%	49.77%	48.94%	48.23%	51.67%	50.51%
Empire District Electric Company	EDE	50.24%	50.60%	50.03%	49.68%	48.69%	48.76%	48.66%	48.81%	49.43%
Great Plains Energy Inc.	GXP	47.98%	45.33%	45.46%	44.62%	46.51%	46.61%	45.65%	45.88%	46.01%
IDACORP, Inc.	IDA	52.40%	52.90%	52.69%	52.67%	51.21%	51.00%	48.75%	48.44%	51.26%
Otter Tail Corporation	OTTR	53.36%	54.47%	54.61%	58.90%	59.03%	58.90%	59.29%	59.35%	57.24%
Pinnacle West Capital Corporation	PNW	48.85%	48.57%	48.46%	50.39%	49.65%	49.62%	49.53%	51.55%	49.58%
PNM Resources, Inc.	PNM	52.42%	52.10%	52.22%	49.82%	49.65%	49.68%	50.04%	50.10%	50.75%
Portland General Electric Company	POR	49.45%	49.37%	48.94%	47.90%	47.78%	47.73%	46.82%	46.71%	48.09%
Southern Company	SO	45.70%	45.82%	46.33%	46.09%	46.03%	45.69%	45.44%	44.61%	45.71%
Westar Energy, Inc.	WR	47.41%	48.39%	49.56%	47.85%	46.46%	46.33%	45.90%	45.86%	47.22%
Mean		49.68%	49.60%	49.61%	49.59%	49.12%	48.91%	48.40%	48.83%	49.22%

O'Donnell Holding Company Proxy Group Capital Structure

Company	Ticker	% Common Equity								
		2012Q2	2012Q1	2011Q4	2011Q3	2011Q2	2011Q1	2010Q4	2010Q3	Average
Avista Corporation	AVA	48.36%	47.74%	48.18%	49.53%	49.19%	48.96%	48.15%	48.44%	48.57%
Consolidated Edison, Inc.	ED	51.12%	51.04%	51.71%	51.76%	51.31%	51.26%	50.86%	49.88%	51.12%
Dominion Resources, Inc.	D	38.32%	38.27%	37.75%	38.63%	40.29%	40.85%	42.46%	41.86%	39.80%
DTE Energy Company	DTE	46.98%	48.24%	47.61%	47.37%	46.42%	46.19%	45.62%	45.39%	46.73%
Empire District Electric Company	EDE	50.24%	50.60%	50.03%	49.68%	48.69%	48.76%	48.66%	48.81%	49.43%
Exelon Corporation	EXC	54.01%	54.53%	52.50%	50.98%	51.67%	51.35%	51.83%	52.54%	52.42%
FirstEnergy Corp.	FE	44.64%	43.51%	43.37%	42.48%	41.20%	40.22%	38.98%	38.90%	41.66%
IDACORP, Inc.	IDA	52.40%	52.90%	52.69%	52.67%	51.21%	51.00%	48.75%	48.44%	51.26%
MGE Energy, Inc.	MGEE	60.84%	60.60%	60.24%	60.18%	59.60%	59.38%	60.98%	61.88%	60.46%
Northeast Utilities	NU	53.82%	43.25%	44.17%	43.78%	44.72%	44.42%	43.79%	42.93%	45.11%
OGE Energy Corp.	OGE	48.86%	48.26%	48.36%	49.55%	48.00%	49.70%	49.21%	48.41%	48.79%
PPL Corporation	PPL	36.94%	38.40%	37.57%	37.37%	37.13%	40.09%	39.33%	48.50%	39.42%
Public Service Enterprise Group Incorporated	PEG	56.16%	57.11%	55.84%	53.11%	55.06%	52.84%	51.77%	51.07%	54.12%
Sempra Energy	SRE	47.29%	47.74%	48.42%	48.64%	49.45%	49.79%	49.07%	51.33%	48.97%
Southern Company	SO	45.70%	45.82%	46.33%	46.09%	46.03%	45.69%	45.44%	44.61%	45.71%
UNS Energy Corporation	UNS	37.22%	34.54%	31.33%	32.19%	31.03%	30.66%	30.43%	31.13%	32.32%
Vectren Corporation	VVC	48.50%	47.92%	47.46%	45.79%	45.68%	45.84%	45.61%	46.27%	46.63%
Westar Energy, Inc.	WR	47.41%	48.39%	49.56%	47.85%	46.46%	46.33%	45.90%	45.86%	47.22%
Mean		48.27%	47.71%	47.40%	47.09%	46.84%	46.85%	46.49%	47.01%	47.21%

Source: SNL Financial

Pro Forma Coverage Ratio Calculations

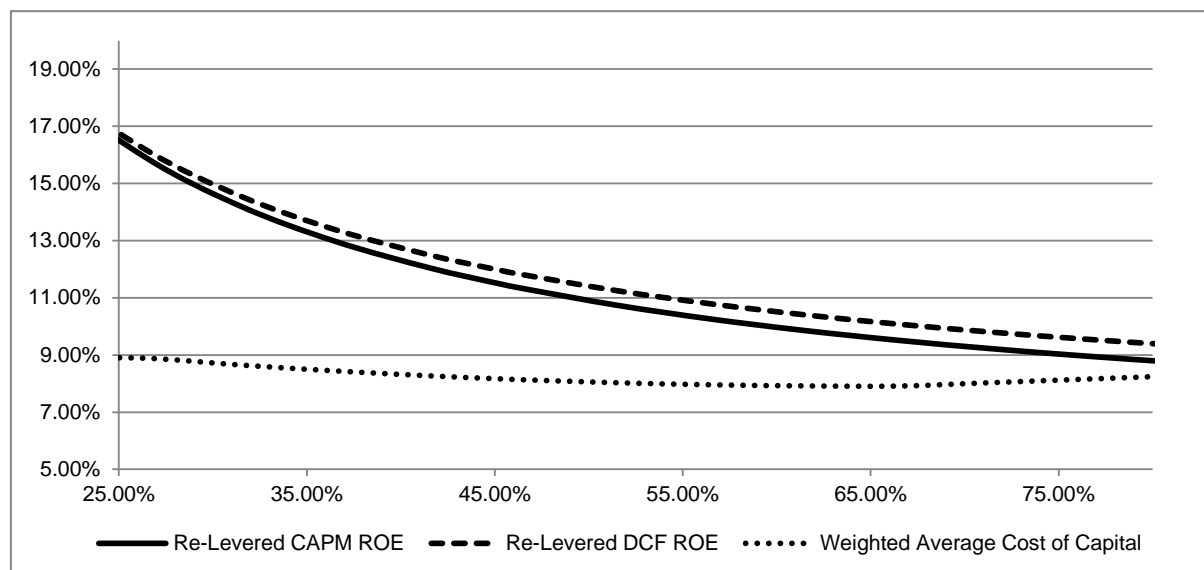
Coverage Ratios using Financials as Filed

LINE	DESCRIPTION	AMOUNT	NOTES / SOURCES
1	Long Term Debt Percent of Total	54.86%	Testimony of Kevin W. O'Donnell, at 36
2	Long Term Debt Cost Rate	5.98%	Testimony of Kevin W. O'Donnell, at 36
3	Common Equity Percent of Total	45.14%	Testimony of Kevin W. O'Donnell, at 36
4	Common Equity Cost Rate	9.50%	Testimony of Kevin W. O'Donnell, at 36
5			
6	Wgtd Cost of Debt	3.28%	L1 x L2
7	Wgtd Return on Equity	4.29%	L3 x L4
8			
9	Rate Base	\$ 4,869,135.00	Petition Exhibit C-2, Page 2 of 4
10			
11	Effective Tax Rate	33.19%	Petition Exhibit C-2, page 2 of 4
12		1.4968	1/(1-L11)
13	Net Income	\$ 208,803.12	L7 x L9
14	Depreciation and Amortization	\$ 263,706.00	Petition Exhibit C-2, Page 2 of 4
15	Income Taxes	\$ 103,729.61	(1-L12) x L13
16	Interest Expense	\$ 159,738.21	L6 x L 9
17	Earnings Before Interest and Taxes ("EBIT")	\$ 472,270.94	L13 + L15 + L16
18	Earnings Before Interest, Taxes, Depreciation, Amoritization ("E	\$ 735,976.94	L17 + L14
19	Funds from Operations ("FFO")	\$ 472,509.12	L13 + L14
20	EBIT/Interest	2.96	L17/L16
21	EBITDA/Interest	4.61	L18/L16
22	FFO/Debt	17.69%	L19/(L1 x L9)
23	(FFO+ Interest)/Interest	3.96	L10/L16

Effects of Leverage on the Company's Return on Equity

CAPM Adjustment		DCF Adjustment	
Sector Average Equity Ratio	51.50%	Levered ROE	11.25%
Sector Average D/E Ratio	94.18%	Cost of Debt	4.61%
Sector Average Tax Rate	35.00%	Debt/Total Capital Ratio	48.50%
Sector Average Equity Beta	0.70	Debt/Equity Ratio	94.18%
Sector Average Asset Beta	0.43	Combined Tax Rate	35.00%
Check: Re-Levered Beta	0.70	Calculated Unlevered ROE	8.73%
Risk Premium	9.99%	Check: Re-Levered ROE	11.25%
Risk Free Rate	3.78%		
Moody's A Utility Index	3.95%		
Moody's Baa Utility Index	4.61%		
Spread	0.66%		

Equity Ratio	D/E Ratio	Re-Levered Beta	Re-Levered CAPM ROE	Re-Levered DCF ROE	Cost of Debt	Weighted Average Cost of Capital
11.50%	7.70	2.59	29.69%	29.33%	6.27%	8.92%
16.50%	5.06	1.85	22.30%	22.28%	6.27%	8.91%
21.50%	3.65	1.46	18.34%	18.50%	6.27%	8.90%
26.50%	2.77	1.21	15.88%	16.15%	6.27%	8.89%
31.50%	2.17	1.04	14.20%	14.55%	5.93%	8.65%
36.50%	1.74	0.92	12.98%	13.39%	5.60%	8.44%
41.50%	1.41	0.83	12.05%	12.50%	5.27%	8.27%
45.14%	1.22	0.77	11.51%	11.98%	5.03%	8.17%
46.50%	1.15	0.76	11.33%	11.81%	4.94%	8.13%
51.50%	0.94	0.70	10.74%	11.25%	4.61%	8.03%
56.50%	0.77	0.65	10.26%	10.79%	4.28%	7.96%
61.50%	0.63	0.61	9.85%	10.40%	3.95%	7.92%
66.50%	0.50	0.57	9.51%	10.08%	3.62%	7.91%
71.50%	0.40	0.54	9.22%	9.80%	3.62%	8.04%
76.50%	0.31	0.52	8.96%	9.55%	3.62%	8.16%
81.50%	0.23	0.50	8.74%	9.34%	3.62%	8.28%
86.50%	0.16	0.48	8.54%	9.15%	3.62%	8.40%
91.50%	0.09	0.46	8.36%	8.98%	3.62%	8.52%
96.50%	0.04	0.44	8.20%	8.83%	3.62%	8.64%
101.50%	-0.01	0.43	8.06%	8.69%	3.62%	8.77%



Effects of Leverage on the Company's Return on Equity

Notes:

Hamada Equation:

$$B_a = \frac{B_e}{(1 + (1 - T) \times \frac{D}{E})}$$

or, rearranged:

$$B_e = B_a \times (1 + (1 - T) \times DE)$$

Where:

B_a = Asset Beta
 B_e = Equity Beta
 T = Tax Rate
 D/E = Debt/Equity Ratio

Under Modigliani-Miller Proposition:

$$R_e = R_a + \frac{D}{E} (R_a - R_d) \times (1 - T)$$

or, rearranged:

$$R_a = \frac{(R_e + \frac{D}{E} \times R_d \times (1 - T))}{(1 + \frac{D}{E} \times (1 - T))}$$

R_a = Unlevered Return on Equity
 R_e = Levered Return on Equity
 R_d = Cost of Debt
 T = Tax Rate
 D/E = Debt/Equity Ratio

2012 Reported Authorized Returns on Equity, Electric Utility Rate Cases

State	Docket	Utility	Authorized ROE	Decision Date	Vertically Integrated ("V") or T&D ("D") [1]	S&P Credit Supportive Ranking [2]	Vertically Integrated ROE
AZ	E-0134SA-11-0224	Arizona Public Service Co.	10.00%	5/15/2012	V	1	10.00%
CO	11AL-947E	Public Service Company of Colorado	10.00%	4/26/2012	V	3	10.00%
DC	1087	Potomac Edison Power Co.	9.50%	9/26/2012	D	1	---
FL	110138	Gulf Power Co.	10.25%	2/27/2012	V	4	10.25%
HI	2009-0164	Hawaii Electric Light Co.	10.00%	4/4/2012	V	3	10.00%
HI	2009-0080	Hawaiian Electric Co.	10.00%	6/29/2012	V	3	10.00%
HI	2009-0163	Maui Electric Company Ltd	10.00%	5/2/2012	V	3	10.00%
IL	12-0001	Ameren Illinois	10.05%	9/19/2012	D	1	---
IL	11-0721	Commonwealth Edison Co.	10.05%	5/29/2012	D	1	---
MD	9285	Delmarva Power & Light Co.	9.81%	7/20/2012	D	1	---
MD	9286	Potomac Edison Power Co.	9.31%	7/20/2012	D	1	---
MI	16794	Consumers Energy Co.	10.30%	6/7/2012	V	3	10.30%
MI	16801	Indiana-Michigan Power Co.	10.20%	2/15/2012	V	3	10.20%
MI	16830	Wisconsin Electric Power Co.	10.10%	6/26/2012	V	3	10.10%
MN	10-971	Northern States Power Co.	10.37%	3/29/2012	V	3	10.37%
NC	E-7 Sub 989	Duke Energy Carolinas LLC	10.50%	1/27/2012	V	3	10.50%
ND	PU-10-657	Northern States Power Co.	10.40%	2/29/2012	V	3	10.40%
NY	11-E-0408	Orange & Rockland Utilities Inc.	9.40%	6/14/2012	D	2	---
OK	PUD 201100087	Oklahoma Gas and Electric Co.	10.20%	7/9/2012	V	2	10.20%
OR	UE 233	Idaho Power Co.	9.90%	2/23/2012	V	3	9.90%
SC	2011-271-E	Duke Energy Carolinas LLC	10.50%	1/25/2012	V	4	10.50%
SD	EL11-019	Northern States Power Co.	9.25%	6/19/2012	V	3	9.25%
TX	39896	Entergy Texas Inc.	9.80%	9/13/2012	V	2	9.80%
UT	11-035-200	Rocky Mountain Power	9.80%	9/19/2012	V	2	9.80%
WA	UE-111048	Puget Sound Energy Inc.	9.80%	5/7/2012	V	2	9.80%
WI	6680-UR-118	Wisconsin Power and Light Co.	10.40%	6/15/2012	V	4	10.40%
WY	20003-114-ER-11	Cheyenne Light Fuel Power Co.	9.60%	6/18/2012	V	2	9.60%
WY	20000-405-ER-11	Rocky Mountain Power	9.80%	7/16/2012	V	2	9.80%
Average			9.97%				
Median			10.00%				
Minimum			9.25%				
Maximum			10.50%				

S&P Ranking	S&P Score	Mean Authorized ROE	Median Authorized ROE
More Credit Supportive	4	10.38%	10.40%
Credit Supportive	3	10.09%	10.05%
Less Credit Supportive	2	9.83%	9.80%
Least Credit Supportive	1	10.00%	10.00%

[1] Source: Regulatory Research Associates, *Major Rate Case Decisions -- January-September 2012*.[2] Source: Standard & Poor's, *Utilities: Assessing U.S. Utility Regulatory Environments*, updated November 15, 2011.

Cost Recovery and Revenue Stabilization Mechanisms

Company	Ticker	Infrastructure Recovery	Revenue Stabilization	Expense Recovery
American Electric Power Company	AEP	✓	✓	✓
AEP Texas Central Company				✓ [1]
AEP Texas North Company				✓ [1]
Appalachian Power Company (Virginia)		✓ [1]		✓ [1]
Appalachian Power Company (West Virginia)				✓ [1]
Indiana Michigan Power Company (Indiana)			✓ [1]	✓ [1]
Indiana Michigan Power Company (Michigan)			✓ [3]	✓ [1]
Kentucky Power			✓ [1]	✓ [1]
Public Service Company of Oklahoma		✓ [1]	✓ [1]	✓ [1]
Southwestern Electric Power Company (Arkansas)		✓ [1]	✓ [1]	✓ [1]
Southwestern Electric Power Company (Louisiana)		✓ [4]	✓ [4]	✓ [1]
Southwestern Electric Power Company (Texas)				✓ [1]
Kingsport Power Company				
Wheeling Power Company				
AEP Ohio			✓ [1]	✓ [1]
Cleco Corporation	CNL	✓	✓	✓
Cleco Power		✓ [4]	✓ [4]	✓ [1]
Empire District Electric Company	EDE			✓
Empire District Electric Company (Kansas)				✓ [1]
Empire District Electric Company (Missouri)				✓ [1]
Great Plains Energy Inc.	GXP			✓
Kansas City Power & Light Company (Kansas)				✓ [1]
Kansas City Power & Light Company (Missouri)				
KCP&L Greater Missouri Operations				✓ [1]
IDACORP, Inc.	IDA		✓	✓
Idaho Power (Idaho)			✓ [3]	✓ [1]
Idaho Power (Oregon)			✓ [3]	
Otter Tail Corporation	OTTR			✓
Otter Tail Power Company (Minnesota)				✓ [1]
Otter Tail Power Company (North Dakota)				✓ [1]
Otter Tail Power Company (South Dakota)				
Pinnacle West Capital Corporation	PNW			✓
Arizona Public Service Company				✓ [1]
PNM Resources, Inc.	PNM			✓
Public Service Company of New Mexico				✓ [1]
Texas-New Mexico Power Company				✓ [1]
Portland General Electric Company	POR		✓	✓
Portland General Electric Company			✓ [1], [3]	✓ [1]
Southern Company	SO	✓	✓	✓
Georgia Power Company		✓ [1]		
Alabama Power Company		✓ [1]	✓ [4]	✓ [1]
Gulf Power Company		✓ [1]		✓ [1]
Mississippi Power Company				✓ [1]
Westar Energy, Inc.	WR		✓	✓
Kansas Gas and Electric Company			✓ [1]	✓ [1]
Westar Energy			✓ [1]	✓ [1]

[1] Source: RRA, Adjustment Clauses and Rate Riders, March 21, 2012.

[2] Source: Most recent company SEC Form 10-Q filing as of August 3, 2012.

[3] Decoupling permitted by jurisdiction (Source: Edison Foundation, State Electric Efficiency Regulatory Frameworks, July 2012)

[4] Indicates formula rate plan in place. Formula rate plans are comprehensive recovery mechanisms that are intended to set a utility's revenue to track its pro forma cost of service (Source: Company tariff sheets)